

## 1 CALIFORNIA HIGH-SPEED RAIL AUTHORITY

2 MONTHLY MEETING

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6 TRANSCRIPT OF PROCEEDINGS

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10 Sacramento City Hall

11 915 I Street

12 Sacramento, California 95814

13

14 Tuesday, June 3, 2014

15 10:07 a.m.

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1 A P P E A R A N C E S  
23 BOARD MEMBERS  
45 Mr. Dan Richard, Chairman  
67 Mr. Jim Hartnett, Vice-Chair  
89 Mr. Patrick Henning  
1011 Ms. Katherine Perez-Estolano  
1213 Mr. Michael Rossi  
1415 Ms. Thea Selby  
1617 Ms. Lynn Schenk  
1819 STAFF  
2021 Ms. Janice Neibel, Board Secretary  
2223 ALSO PRESENT  
2425 Mr. Jeff Morales, CEO  
Mr. Thomas Fellenz, Esq., Legal Counsel  
--oo--  
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1                   SACRAMENTO, CALIFORNIA, June 3, 2014

2                   10:07 a.m.

3                   ---oo--

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6                   CHAIRMAN RICHARD: Good morning. Mike Rossi  
7 told me it was time to start the meeting, so I guess  
8 it's time to start the meeting.

9                   Good morning, everybody. Welcome to this meeting  
10 of the California High Speed Rail Authority Board, and  
11 would the secretary please call the roll.

12                  MS. NEIBEL: Ms. Schenk.

13                  MS. SCHENK: Here.

14                  MS. NEIBEL: Vice-Chair Richards.

15                  MR. RICHARDS: Here.

16                  MS. NEIBEL: Vice-Chair Hartnett.

17                  MR. HARTNETT: Here.

18                  MS. NEIBEL: Mr. Rossi.

19                  MR. ROSSI: Here.

20                  MS. NEIBEL: Ms. Perez-Estolano.

21                  MS. PEREZ-ESTOLANO: Here.

22                  MS. NEIBEL: Mr. Henning.

23                  MR. HENNING: Here.

24                  MS. NEIBEL: Mr. Frank.

25                  Ms. Selby.

1 MS. SELBY: Here.

2 MS. NEIBEL: Chairman Richard.

3 CHAIRMAN RICHARD: Here.

4 Vice-Chair Richards, would you lead us in the  
5 Pledge of Allegiance.

6

7 (Pledge of Allegiance recited.)

8

9 CHAIRMAN RICHARD: Thank you, Tom.

10 First, we're going to turn to the public comment  
11 period, and I'm going to depart from our normal  
12 procedure. Our normal procedure is to take speaker  
13 requests in the order in which they're received, giving  
14 our elected officials an opportunity to speak first, but  
15 I'm going to go out of order because I want to recognize  
16 a special guest, a former member of this body, who was  
17 highly respected by his colleagues while he was here and  
18 still is as an ex-member -- getting to that -- but also,  
19 I just -- I just want to say who had, in my experience,  
20 devoted just a tremendous amount of time and energy and  
21 caring to the advancement of high-speed rail in  
22 California. So we're very pleased to see Tom Umberg  
23 back with us.

24 Tom.

25 MR. UMBERG: Thank you, Mr. Chair. I have

1 not stood at this podium before. You are a good-looking  
2 group. Tie a little bit bright over there but still a  
3 good-looking group. So I just wanted to come by and say  
4 thank you for your service and your friendship over the  
5 last several years. As Commissioner Schenk will  
6 remember, in 2008 when I joined this group, we were like  
7 playing fancy football as opposed to what's going on now  
8 where you're coaching an NFL team and you're in the big  
9 time. It's been just a wonderful experience. I have  
10 been privileged to serve with lots of different groups.  
11 I had privilege to serve with a group of men and women  
12 who put service above all, put the mission above all.  
13 The difference is that that group of men and women were  
14 universally praised and exalted and honored; not so much  
15 being on the board. Sometimes, it's a little rough  
16 being on the board. Teddy Roosevelt said -- and I know  
17 you know the quote -- that it's not the critic who  
18 counts; it's not the man who points out the strong man  
19 that failed; it's not the person who says doers of deeds  
20 could have done better; it's the man -- or in this case,  
21 the man or the woman -- in the arena who counts. So  
22 thirty years from now when I'm taking the train from  
23 Anaheim to San Francisco with my yet unborn  
24 grandchildren I'll think back and I'll think back about  
25 you, the doers of deeds, who made it all happen. So

1 thank you very much.

2 CHAIRMAN RICHARD: Thank you, Tom. Don't  
3 leave just yet because, first of all, I want to thank  
4 you for that, and secondly, I want to say that as a  
5 valedictory speech that fails because valedictories are  
6 the end of things, and a number of us have been talking  
7 about ways to ask for your continued involvement and  
8 help with this project, and I, personally, believe that  
9 that would be a very wise thing for us to do is to find  
10 those opportunities. Ms. Schenk and I, last night over  
11 dinner, were talking about this very thing, involving  
12 you. And then there's also the matter of swag, which  
13 is -- I have asked the CEO what kind of trinkets we can  
14 put together for ex-board members. So there's a lot to  
15 continue to discuss, but in all seriousness, you know, I  
16 think nothing like this gets accomplished without just a  
17 tremendous number of hands being involved in it. And  
18 you led this board through a very difficult and  
19 turbulent time, and I certainly appreciated what you  
20 did, and I think finding opportunities to continue to  
21 get your voice, your judgment, and so forth involved in  
22 helping us build this would be really great. So I'm  
23 looking forward to those opportunities.

24 MR. UMBERG: Well, thank you. And I know  
25 that things have completely smoothed down since I left.

1       No issues have been raised. So I don't know what you  
2       guys have done since then. I did see a poll shortly  
3       after I left that said that the majority of Californians  
4       favored high-speed rail. My wife pointed out that was a  
5       consequence of me leaving. But thank you. Appreciate  
6       it.

7                     CHAIRMAN RICHARD: Thank you very much, Tom.

8                     MS. SCHENK: Mr. Chairman.

9                     CHAIRMAN RICHARD: Oh, yes, Ms. Schenk.

10          MS. SCHENK: And let's not forget that among  
11        Tom's many unique contributions, he's probably the only  
12        member -- not probably -- is the only member past,  
13        current, and in the future who attended every meeting  
14        from Afghanistan and called it in and he was there at  
15        every single meeting while he was deployed in  
16        Afghanistan. So thank you for your service in every  
17        sense of the word, Tom.

18          CHAIRMAN RICHARD: Thank you. And those  
19        people who went there to state public comment -- no.  
20        But he did. He called in from Afghanistan.

21          MR. UMBERG: Thank you.

22          CHAIRMAN RICHARD: Turning now to other  
23        speakers before us today. I'll start with elected  
24        officials, and we have Council Member Tim Ben Boydston  
25        from the City of Santa Clarita.

1                   Council Member, good morning.

2                   MR. BOYDSTON: Good morning, Chairman  
3 Richard, members of the board. I'm Council Member Tim  
4 Ben Boydston from the City of Santa Clarita, and it is a  
5 fine morning here in Sacramento. I appreciate the  
6 opportunity to speak to you regarding Agenda Item 8  
7 related to the Palmdale along LA segment of the  
8 Authority's proposed high-speed rail line.

9                   In May of 2012, this board approved two surface  
10 alignments in Santa Clarita for inclusion in the EIR for  
11 Palmdale to LA segment of the proposed high-speed rail.  
12 In June 2012, a special meeting of the Santa Clarita  
13 City Council, attended by over 225 of our community's  
14 very engaged residents, the California High Speed Rail  
15 Authority staff informed the community of the board's  
16 actions. The proposed surface alignments would  
17 devastate a recently approved job creation center and  
18 tear through existing neighborhoods and pass dangerously  
19 close to two elementary schools. At that June 2012  
20 meeting, the City Council requested the California High  
21 Speed Rail Authority Board consider extending the  
22 already proposed 8 mile tunnel through our community for  
23 another two miles, thus, significantly reducing the  
24 impacts of the project on the eastern neighborhood of  
25 Santa Clarita.

1           Last year, executive director, Jeff Morales, and  
2 deputy executive director, Michelle Boehm, toured the  
3 proposed alignments and saw firsthand the homes,  
4 schools, and churches that would be directly impacted or  
5 squashed by the approved surface alignments, and I'm  
6 pleased to be here this morning to thank your staff for  
7 recommending to you the extension of the tunnel and the  
8 elimination of one of two surface alignments. The Santa  
9 Clarita City Council does not support any surface  
10 alignments through our community, and we believe it is  
11 appropriate to eliminate both further alignments from  
12 further consideration. While the proposed tunnel  
13 alignment will undoubtedly still have impacts in our  
14 community, we believe that adding it to the alternatives  
15 to be studied in the EIS/EIR is appropriate. We also  
16 support the location of the San Fernando Valley station  
17 in Burbank. This central location provides opportunity  
18 for High Speed Rail conductivity from Burbank, regional  
19 rail, and bus transportation. And more importantly, the  
20 station in Burbank opens a door for consideration for a  
21 direct route from Burbank to Palmdale by passing Santa  
22 Clarita entirely, which would be great. So thank you  
23 for your time.

24 CHAIRMAN RICHARD: Council Member, thank you  
25 very much.

1                   Mike Mischel from the City of Palmdale followed  
2 by Don Sepulveda from LA Metro.

3                   MR. MISCHEL: Good morning, Chairman  
4 Richard, and members of the board. I'm here to address  
5 Item Number 8. My name is Mike Mischel, and I'm the  
6 director of public works for the City of Palmdale. The  
7 City of Palmdale has been a partner in bringing  
8 high-speed rail to California for over twenty years, and  
9 we very much believe that the Authority is making the  
10 right decision in selecting the Palmdale east station  
11 location at the Palmdale transportation center. This  
12 is -- this choice is consistent with our short- and  
13 long-term transportation and planning goals. And on a  
14 related note, we would encourage the Authority to  
15 evaluate the potential of tunneling through the San  
16 Gabriel Mountains for a more direct connection of  
17 Palmdale to the San Fernando Valley. This would avoid  
18 potential environmental and land use impacts to the  
19 community south of Palmdale. Thank you.

20                   CHAIRMAN RICHARD: Thank you, sir.

21                   Don Sepulveda followed by Stephen -- Valenziano,  
22 I believe it is.

23                   MR. SEPULVEDA: Good morning, Mr. Chair, and  
24 fellow board members. Thank you for having provided  
25 this opportunity to speak in front of you. I am Don

1 Sepulveda executive officer for Regional Rail for LA  
2 County Metropolitan Transportation Authority. Speaking  
3 in support of Item Number 8, particularly, the Palmdale  
4 Transportation Center in the City of Burbank station.

5           The City of Palmdale is working very diligently  
6 with Metro and with High Speed Rail authority to look at  
7 options for a station at the Palmdale transportation  
8 center. These efforts have been coordinated with our  
9 work on our high desert rail corridor that we're looking  
10 at so all of these things fit together in a proper place  
11 of Palmdale transportation center. We appreciate you  
12 considering that option as you move forward.

13           Furthermore, we support the station at Bob Hope  
14 Airport in the city of Bob Hope Airport -- excuse me --  
15 in Burbank. That airport has been working very closely  
16 with metro on plane, train connections including  
17 building a new station on the Antelope Valley line to  
18 parallel the high-speed rail line and also developing an  
19 overpass to the existing station on the Ventura line to  
20 the regional intermodal transportation center. All of  
21 these, combined with the new high-speed rail station  
22 will occur near that airport, will further enhance those  
23 train, plane connections and provide the additional  
24 support that high-speed rail needs to be successful.  
25 Thank you very much. Have a great day.

1                   CHAIRMAN RICHARD: Thank you, Mr. Sepulveda,  
2 and, again, we always appreciate the working  
3 relationship we have with LA Metro.

4                   Stephen -- I hope I pronounced this right --  
5 Valenziano.

6                   MR. VALENZIANO: Very nice job.

7                   Good morning, Mr. Chairman, and board members.  
8 I'm Steve Valenziano. I'm a member of the Santa Clarita  
9 Valley High-Speed Rail Task Force, also a development  
10 partner of this canyon project which is a ninety acre  
11 mixed use development job center with full entitlements  
12 from the City of Santa Clarita that could be packed  
13 certainly by surface alignments through our community.

14                  I, too, like my council member, Tim Ben Boydston,  
15 would like to thank Jeff Morales and Michelle Boehm, the  
16 staff, for listening to us very carefully over the last  
17 year and half. They did come down and tour our  
18 community. They saw firsthand what the surface  
19 alignments were going to do to the church, to the  
20 school, to the job center. And we are happy to see that  
21 the most damaging surface alignment has been eliminated,  
22 and a tunnel option has been put forward to you for  
23 consideration in the EIR, which not only would mitigate  
24 so much damage but it would increase run speed through  
25 our community as I understand.

1           The direct Palmdale to Burbank alignment would be  
2 a wonderful thing for Santa Clarita. We understand that  
3 the challenges -- the technical challenges need to be  
4 solved. It will also add speed to LA, San Francisco.  
5 Our community and city government are really very  
6 closely aligned in Santa Clarita. We can support  
7 potential alignments that spare the community, but the  
8 City would be a very formidable foe if we have to oppose  
9 any surface alignment, and I'll cite you the example of  
10 the phoenix line, which has been going on for years in  
11 litigation. So we trust and hope the Board will be as  
12 diligent and as caring as staff has been, and I thank  
13 you very much.

14           CHAIRMAN RICHARD: Thank you for taking time  
15 to come here this morning, sir.

16           Next is Dan Dolan followed by Diana LaCome.

17           MR. DOLAN: Thank you, Chairman Richard, and  
18 to Vice-Chair and the rest of the board. I have four  
19 resolutions that I'd like the board to recommend that  
20 staff give updates on, and I think I'll just be two  
21 minutes, but it might run over a little bit.

22           The first one is HSR 12-02 amendment to the board  
23 policies establishing duties and charter of the finance  
24 and audit committee. The second one is Resolution 1306  
25 regional consultant contract amendment for URS joint

1 venture proposed by URS and ARUP. The third one is  
2 Resolution HSR 13-11 project management team consultant  
3 contract amendment with Parsons Brinkerhoff, and the  
4 fourth one is regional contract amendment AECOM time  
5 only extension.

6 I'll start with AECOM contract. HSR signed the  
7 original contract for \$55 million. I understand that  
8 AECOM is only responsible for 22 miles out of 80 miles  
9 on the original contract. So my presumption is they  
10 haven't spent 55 million yet, and I wanted to know what  
11 portion of the 55 million has been spent to date.

12 Second Amendment -- or the second contract was  
13 Parsons Brinkerhoff. I see by this resolution an  
14 additional \$120 million has been granted to Parsons  
15 Brinkerhoff. My question is, what for? And unlike  
16 other contracts, like the one for URS joint venture,  
17 there's no mention as to how much they have been paid  
18 since 2006 to the time of this two-year extension before  
19 the hundred and twenty million, and I'd like to know how  
20 much has been spent to date and if any of the hundred  
21 and twenty million has been spent.

22 The third item has to do with URS joint venture.  
23 It says they were awarded another 38.25 million on their  
24 original 2006 hundred and ten million dollar contract,  
25 which would be 55 million to each company, and their

1 total contract amount now is a hundred and fifty-eight  
2 point two million. So what that means is there's ten  
3 million unaccounted for. 110 million plus 38.25 comes  
4 to more than a hundred and forty-eight point two five.  
5 So that's a problem, and I want to know how much of that  
6 money has been spent.

7           Lastly, regarding the audit committee, I was here  
8 in time to present comment, but I didn't realize  
9 committee was open to the public because usually it's  
10 closed doors when you're in that little room. They were  
11 charged with review development of phased segment by  
12 segment financial plan. So my last question is, how  
13 much of the first hundred and fourteen miles will be  
14 allocated out of the 3.3 billion tariff funds and out of  
15 2.9 billion state funds that Morales was able to help  
16 persuade the State Legislature on Thursday night 3:06  
17 p.m. before the final vote on Friday, July 2012 by  
18 giving 350 million to Carrera, 350 million to Lois Walt,  
19 and \$2 billion to the bookends, and 300 million for  
20 Caltrans electrification.

21           CHAIRMAN RICHARD: Thank you, Mr. Dolan.

22           Diana LaCome followed by Paul Guerrero.

23           MS. LACOME: Good morning, Chairman Richard,  
24 CEO Morales and members of the board. I'm Diana LaCome  
25 representing APAC. The APAC board of directors has

1 asked me to request from the Authority participation  
2 reports, an SBE participation report on the regional  
3 consultant contracts that were extended last May and  
4 also the program management contracts. Please provide  
5 us with the names of the SBE sub-consultants presented  
6 for contract and dollar amount requested -- I'm sorry --  
7 contracted.

8 Bundling and unbundling. I'm not going to go  
9 into this because our attorney is preparing a rebuttal  
10 for -- to the last letter that was sent out by the  
11 Authority. However, today on agenda Item 5, you're  
12 considering the scope of work identified in construction  
13 package 2-3, the PCM contract. APAC supports moving ICE  
14 and ISE to -- out of the contractor's contract but we  
15 recommend that -- that you issue one or two RFPs. This  
16 would better serve the interest of the small business.  
17 This could be one or possibly two \$10 million contracts  
18 and much easier for small business teams to actually  
19 participate in this. We support the unbundling but  
20 oppose the transferring to an already large PCM 2-3  
21 contract.

22 Agenda Item 6 also states agenda. APAC supports  
23 an RFP on the right of way services for the additional  
24 construction section not an amendment to an existing  
25 contract or right of way services.

1           This morning, APAC members brought this to my  
2 attention. The Authority has an RFP out for financial  
3 advisor services, \$9 million, three-year contracts due  
4 June 19. There's no mention of DBEs or SBDE. No  
5 mention of submitting the small business performance  
6 place, no mention of scoring or points for meeting  
7 goals, no mention of protection under civil rights, and  
8 no pre-bid. We recommend that an addendum to this RFP  
9 be issued as quickly as possible because it's due -- the  
10 RPF is due on 6/19. Thank you very much.

11           CHAIRMAN RICHARD: Thank you, Ms. LaCome.  
12 During the discussion on those relevant agenda items,  
13 I'm going to ask our CEO, Mr. Morales, to address these  
14 issues so the board can --

15           MS. LACOME: Thank you.

16           CHAIRMAN RICHARD: Thank you.

17           Mr. Guerrero, good morning.

18           MR. GUERRERO: Good morning. I wanted to  
19 take a minute and talk about prompt pay.

20           CHAIRMAN RICHARD: I'm sorry. About what,  
21 sir?

22           MR. GUERRERO: Prompt pay, paying the  
23 subcontractors timely. On this project, on these mega  
24 projects that are going out, you have a prime contractor  
25 who has first tier subs who are, in itself mega

1 contractors. They have what are called second tier subs  
2 under them, which are smaller contractors. By the time  
3 the small business, a business that is under 14 million  
4 a year, can participate, he's down at the fifth level or  
5 sixth or ninth or tenth level. If everybody pays on  
6 time -- you pay the prime, the prime pays the first tier  
7 in thirty days, the first tier pays the second tier in  
8 thirty days -- that little guy down at the fifth tier  
9 and below is a hundred and fifty days out before he gets  
10 paid.

11 Now, when they built BART -- this was a long time  
12 ago. I think before you were on the board, Dan -- but  
13 way back when they built BART, Diana and I were on the  
14 advisory board for BART, and what they did was they  
15 paid -- they directed the prime by contract to pay  
16 directly to small businesses directly so they didn't  
17 have to wait a hundred and fifty to three hundred days  
18 to get paid and go bankrupt in the meantime. They were  
19 paid by the first tier. You can pay them by check if  
20 you want to, but the first tier knows what work has been  
21 approved that you need to pay for. Instead of funneling  
22 it all the way down through all these tiers, you should  
23 pay directly, and we recommend that you look at it and  
24 explore it because we're here to promote small business  
25 not to break them. So I really appreciate it. Thank

1 you.

2 CHAIRMAN RICHARD: I appreciate that  
3 suggestion, Mr. Guerrero. We will certainly discuss  
4 that with staff. As a former small business owner, I  
5 have fairly good empathy for what you're talking about.

6 Alan Scott followed by Kole Upton.

7 MR. SCOTT: Good morning, Mr. Chair and  
8 board. Alan Scott, Kings County. I need to start off  
9 with, I owe you an apology. On May 6th, I made a  
10 statement, and yes, I did get an envelope on the 30th.  
11 However, the envelope contained something that I really  
12 wanted, and that was the two disks. So I didn't read  
13 the material inside. So when I made the statement that  
14 I didn't get it yet, I was wrong, and I apologize. And  
15 -- but I was upset with what -- I couldn't find it. And  
16 it wasn't very good.

17 I want to start off with, we're not against  
18 high-speed rail. We're against the methodology of  
19 today. We're asking you to stop this right now, and the  
20 reason? 76 percent of this state is in a drought. 76  
21 percent is not a doubt; it's an extreme doubt. On the  
22 way up here this morning, I probably saw 20 highway  
23 signs on 99 and 5, "Extreme drought. Save water." And  
24 I know what you want to do in Kings County and Kern  
25 County and even down in the Palmdale area. We just

1 can't afford to have a project like this going on when  
2 our groundwater is going down, not up. There is no  
3 water in storage and mother nature is not participating  
4 in bringing us any more water for right now.

5 I'd like to just talk about a couple facts. Nine  
6 out of ten of the top ag producing counties in the  
7 United States of America are from California, and why  
8 are they on the list? Because they are leaders on the  
9 state of our -- in the state of our scientific  
10 agriculture production. Kings County, in the whole of  
11 the United States, is tenth. California is the fifth  
12 largest economy -- ag economy -- in the world, and I  
13 think you all know that. But show me an HR system that  
14 has returned to the country -- to their country -- what  
15 agriculture does with water. You take agriculture out  
16 and -- I'll just cut down a little bit here and just go  
17 to here.

18 Front page Fresno Bee yesterday, building dams.  
19 I don't know if anyone saw it. It may have been in the  
20 Sacramento Bee. They estimate \$9 billion to build, and  
21 I believe there was a total of five or six water storage  
22 areas for 9 billion. I factored out about two, so 18  
23 billion to build. The difference between HR -- HSR and  
24 water, water supports life. Right now this project, HSR  
25 drains life.

1           The next comment I have is -- and this is from a  
2 publication -- I forgot to write it down. Extreme  
3 drought condition estimated loss to the State of  
4 California \$7.8 billion resulting in the elimination of  
5 800,00 acres of ag land. Over 10,000 lost in the ag  
6 community just because of the extreme drought  
7 conditions. Not anything else, just extreme drought.  
8 No telling how many other jobs that supplemental -- that  
9 support the ag industry.

10           I implore the board to take a very direct look at  
11 our water issue because this project will drain a lot of  
12 water. And not only -- not thinking about for  
13 agriculture. It's us. And we're in extreme drought  
14 areas, most of the climate right now down south. There  
15 are areas where the water table is dumping, and it needs  
16 to be given serious first-level talks. Thank you very  
17 much for your time.

18           CHAIRMAN RICHARD: Thank you, Mr. Scott.

19           Kole Upton. Mr. Upton, it's nice to see you  
20 again, but usually it means that there might be some  
21 issues, so I'm hoping --

22           MR. UPTON: Well, I'm going to start my talk  
23 by giving you a fair warning, so don't have a heart  
24 attack. I am actually going to say something good about  
25 you. Can I continue or do you want me to --

1 CHAIRMAN RICHARD: Please.

2 MR. UPTON: Okay. Well, this board, in its  
3 wisdom, excised out in the Merced, Fresno section the Y  
4 portion and assigned that to the Parsons Transportation  
5 Group and Diana Gomez and studied that. And I got to  
6 say, they did an outstanding job. They went out and  
7 they worked with us and they met with our employees and  
8 other people that had not been talked to before. And so  
9 what's happened is that we have had some routes, and we  
10 have had a route that was vetoed by EPA and Army Corps,  
11 which I guess they have power over all of us, but after  
12 that, Diane and our group came up with 152 and Road 18,  
13 and Diana has done an outstanding job of working with  
14 the businesses along that interim road that are going to  
15 be affected by this and also the subdivision and moving  
16 that away from them so that it mitigates their concerns.

17 So the bottom line here is that we have a vast  
18 majority of people and the agencies in this area now  
19 that support what's going on. So I know this board is  
20 considering Agenda Item 7 to increase level funding to  
21 PTG and give a little more time to do it, and I think  
22 it's worth it to do it right and to pay a little bit  
23 more money. So I'm not going to tell you that your PR  
24 people need to schedule a tit-for-take meeting with the  
25 City of Chowchilla, but most of the people down there

1 are happy with us, and you're going to have some people  
2 that are unhappy, but this works for the people that  
3 have worked on this for four and a half years when  
4 Mr. Umberg was chairman of the board and Mr. Frank.

5 So I'll conclude my comments by saying I  
6 recommend this board give the additional time and give  
7 PTG additional money to finish this and also  
8 accomodation for Diana's outstanding job she does at  
9 representing you and Parsons.

10 CHAIRMAN RICHARD: Mr. Upton, thank you, and  
11 I'm sure I speak for all my colleagues that,  
12 particularly, given your history in the preservation of  
13 farmland and the communities that you represent, Merced  
14 and Madera, it's really a pleasure to be able to work  
15 with you and to hear that our staff has done a first  
16 rate job that we know that they do, but more than  
17 anything else, I think that what you're seeing is that  
18 we're trying, as we move up and down the Valley, to work  
19 with people, make the alignment adjustment, and so forth  
20 to minimize the impacts as we build this project. So  
21 having these comments from you this morning is a very  
22 welcomed thing.

23 MR. UPTON: Well, Diana always says that the  
24 board has the final decision, so if we get all this  
25 right, please don't screw it up.

1                   CHAIRMAN RICHARD: The minutes will record  
2 your statement, "Please don't screw it up." Thank you  
3 very much, sir.

4                   Diana is not in salary negotiations with you, is  
5 she? Because we'd have to make a major change to the  
6 project budget.

7                   I'm sorry. I'm having a little trouble with this  
8 last name and I apologize. Is it Asholk Athalye.

9                   Sir, I apologize.

10                  MR. ATHALYE: No. Thank you very much. I  
11 think you were very close to my real name. It is Asholk  
12 Athalye, and let me pass this on first.

13                  First of all, good morning to the Chairman and  
14 members of this board. It's certainly a privilege and  
15 pleasure to offer my perspective specifically with  
16 regards to the addendum for the ICE, ISE called to be  
17 transferred onto the PCM services.

18                  I would like to respectfully make a suggestion to  
19 consideration having a separate procurement to have  
20 complete independence of this task from either the  
21 design build team or the PCM team. And here's why I  
22 feel that way, and I would like to share my perspective.

23                  First of all, I represent Athalye Consulting  
24 Engineering Services. We have been in practice for 23  
25 years, and I'm a trained grid engineer who has done this

1 for my entire career, which is more than 35 years, and I  
2 would say that one of the most important things with  
3 regards to this task is to make it effective by making  
4 independent and a separate entity that will perform it.  
5 This will have a great value not only to the board, but  
6 also it will increase the participation on the small  
7 business side.

8 As you know, there is a very significant gap, and  
9 as the previous speaker said, there is always the  
10 possibility of having the smaller firms participate, the  
11 more specialized firms participate without really having  
12 to -- sort of having an overlap of that effort. They  
13 could also potentially avoid any potential conflict of  
14 interest called by the same firm performing the task,  
15 and I do feel that, based on my experiences, there have  
16 been numerous examples where I have seen deficiencies  
17 that have been corrected by having this independent  
18 entity do their service. I truly feel that the benefit  
19 to this project, especially in the design build context  
20 where you have a very expeditious schedule, there is a  
21 high risk and this would -- the benefit would far  
22 outweigh any separate procurement that perhaps is a  
23 consideration in your decision. I think it is a good  
24 decision. It needs to be reconsidered, and I truly hope  
25 that you will consider my suggestion. Thank you.

1 CHAIRMAN RICHARD: Thank you, Mr. Athalye.  
2 Will we address this concern. Thank you for coming here  
3 this morning.

4 With that, that concludes the public comment  
5 cards that I have, and so that concludes the public  
6 comment portion of our agenda. I thank everybody for  
7 participating this morning. We'll now move to our  
8 regular order of agenda, starting, as we always do, with  
9 consideration of the minutes.

10 MR. HARTNETT: Move approval.

11 CHAIRMAN RICHARD: Okay. It's been moved by  
12 Vice-Chair Hartnett.

13 MS. PEREZ ESTOLANO: Second.

14 CHAIRMAN RICHARD: Seconded by Ms.  
15 Perez-Estolano.

16 Please call the roll.

17 MS. NEIBEL: Ms. Schenk.

18 MS. SCHENK: Yes.

19 MS. NEIBEL: Vice-Chair Richards.

20 MR. RICHARDS: Yes.

21 MS. NEIBEL: Vice-Chair Hartnett.

22 MR. HARTNETT: Yes.

23 MS. NEIBEL: Mr. Rossi.

24 MR. ROSSI: Abstain.

25 MS. NEIBEL: Ms. Perez-Estolano.

1 MS. PEREZ-ESTOLANO: Yes.

2 MS. NEIBEL: Mr. Henning.

3 MR. HENNING: Not voting.

4 MS. NEIBEL: Ms. Selby.

5 MS. SELBY: Yes.

6 MS. NEIBEL: Chairman Richard.

7 CHAIRMAN RICHARD: Yes. Thank you.

8 Before we turn to the rest of the agenda order, I  
9 just want to take a moment. This is something I think  
10 we should do every once in a while. It's something I  
11 probably could have done at the Fresno meeting, but we  
12 were caught up in the analysis of the Fresno to  
13 Bakersfield EIR/EIS consideration. I just wanted to  
14 take a moment to reflect on the passing of one of the  
15 great leaders of transportation in this country and  
16 that's former Congress member James Oberstar. He served  
17 from his home in Duluth, Minnesota. He served in  
18 Congress for many, many years. He -- I know it's common  
19 these days to talk about bygone eras but he was -- I  
20 only met him twice. I know that Member Lynn Schenk  
21 served with him in the Congress of United States and  
22 also that our CEO, Jeff Morales, when he was the  
23 director of Caltrans worked closely with Chairman  
24 Oberstar on that committee, but he was a very elegant  
25 man. He was passionate about transportation and

1 infrastructure in this country. And he had a real  
2 reputation for reaching across the aisle and working  
3 collaboratively, and it was at a time when  
4 transportation issues had bipartisan support. We sit  
5 here right now facing the exhaustion of the highway  
6 trust fund money by the end of this summer, and Congress  
7 seems to be gridlocked about how to proceed. It's just  
8 sad that we don't have people like Jim Oberstar there to  
9 help move that forward.

10 So I just wanted to ask my colleagues if we could  
11 adjourn today's meeting in memory of Congressman  
12 Oberstar, who was really one of our national leaders in  
13 transportation.

14 Ms. Schenk, you served with him. I don't know if  
15 you want to comment.

16 MS. SCHENK: Thank you, Mr. Chairman. I  
17 did, indeed, have the pleasure of serving with Jim. He  
18 was a gentleman and a gentle man, very thoughtful,  
19 always open to competing ideas and was a supporter of my  
20 high-speed rail bill when I served in Congress even  
21 though I was not on his committee. He was one of the  
22 few chairmans who actually thought that freshman members  
23 may have a good idea in them. It is the passing of a  
24 wonderful man but also thank you for your suggestion.

25 CHAIRMAN RICHARD: Mr. Morales.

1                   MR. MORALES: Thank you, Mr. Chairman. I  
2 had the great pleasure of getting to know and work with  
3 Mr. Oberstar over a long period of time, and he really  
4 was a vanishing breed, nonpartisan leader in any era in  
5 politics. We have an extension of him here, too. His  
6 son is on the senate committee of education and so is in  
7 many ways carrying on his legacy. And I would just say  
8 if Jim were alive, he would probably be here encouraging  
9 us to move forward and doing it French, which was his  
10 style.

11                  CHAIRMAN RICHARD: Well, just on that  
12 point --

13                  MS. PEREZ-ESTOLANO: And if I could add one  
14 other thing because I have a Jim Oberstar story. When I  
15 was a young director of a nonprofit, we met with  
16 Congressman Oberstar to talk about a very brand new idea  
17 called Safe Routes to Schools, and we thought, "Well,  
18 you know, he's a biker. Maybe he'll be interested," and  
19 he was crazy about it, and this was long before we even  
20 started talking about, you know, kids biking to school  
21 and, kind of, biked busing idea, and he just globed onto  
22 it. And I think it was because he supported it that it  
23 began to actually have momentum. Absent that, we would  
24 not have the universal conversation about Safe Routes to  
25 Schools in states all over. So I owe it to him for

1 taking the time with Secretary Maria Contreras and  
2 myself and him saying, "let's do it."

3 CHAIRMAN RICHARD: That's great. I'll just  
4 close by saying a few things. First of all, a little  
5 birdie told me that Congressman Oberstar once referred  
6 to Jeff Morales as the finest leader of a transportation  
7 agency in the United States. So certainly, that speaks  
8 well of his judgment and things. But Jeff mentioned  
9 that he would speak in French. That was his first  
10 language, and when I last spoke with him, it was a long  
11 conversation about high-speed rail, he told me that he  
12 had just been reading in Le Monde in French the story of  
13 the Paris De Leon line repaying some of its initial  
14 capital costs for their high-speed rail over there, and  
15 he had read the story in the original French.

16 Anyway, we'll adjourn in his memory today. Thank  
17 you for letting me take a moment from our agenda order  
18 to remember him.

19 Next up is Item Number 2, which is the report  
20 from Financial and Audit.

21 Ross Fong. Good morning.

22 MR. FONG: Good morning, Mr. Chair, board  
23 members, Mr. Morales. I just wanted to -- first of all,  
24 Ross Fong, Chief Financial Officer. I just wanted to  
25 point out that Agenda Item 2, actually, there is a

1 correction. It should be an information only item.  
2 There is no vote required from the board. I'm happy to  
3 answer any questions, but there's no presentation today.

4 CHAIRMAN RICHARD: All right. Any questions  
5 for our CFO, Mr. Fong?

6 Okay. Thank you very much.

7 I understand that Item 3 is withdrawn?

8 MR. MORALES: Right. Mr. Chair --

9 MR. HARTNETT: I'd like to comment on an  
10 item just briefly to say that I like the format of the  
11 report, and I know it reflects a lot of the hard work,  
12 and I appreciate the work of the Finance and Audit  
13 Committee as not only bringing us the report, regular  
14 reports, but in their work with the staff. So I think  
15 it's a tremendously valuable committee and great help to  
16 us.

17 CHAIRMAN RICHARD: I'm sorry. Mr. Morales.

18 MR. MORALES: Item 3, we had discussion at  
19 Financial and Audit Committee this morning on that, on  
20 the charter, and at the recommendation of Mr. Rossi and  
21 Mr. Richards some changes will be made primarily to  
22 really reinforce and strengthen the independence of the  
23 audit function for other activities, and so what we'd  
24 like to do is pull it from this agenda and bring it back  
25 in the next for approval.

1                   CHAIRMAN RICHARD: Okay. Thank you very  
2 much.

3                   Item 4, policies and procedures regarding chair  
4 and vice-chair terms of office, electing officers.

5                   Mr. Fellenz.

6                   MR. FELLENZ: Yes, Mr. Chairman, and board  
7 members, this item is really in two parts. The first  
8 one is amend -- considering amendment to change board  
9 policies and procedures regarding the vice-chair and  
10 chairman position and then secondly is the election of  
11 officers.

12                  So I'll start with the first one. At the last  
13 meeting in May, Vice-Chair Jim Hartnett asked that the  
14 staff bring back to the board for its consideration a  
15 change to the policies and procedures which currently  
16 has a restriction on both the Chair and Vice-Chair terms  
17 of two consecutive terms. I'd like to point out that  
18 the public utility code section requires that each year  
19 the vice-chair and chair be elected by the board and  
20 that each position would be a one-year term, but there  
21 are no term limits. In other words, there's no  
22 restriction on the number of -- in the statute -- the  
23 number of times a person on the board could fill that  
24 position or there's no restriction on consecutive.  
25 However, the board, some time ago, did put that

1 restriction in the policy that governs the board's  
2 actions, and that policy indicates that no board member  
3 can hold the vice-chair or the chair's position for more  
4 than two consecutive terms. Vice-Chair Hartnett asked  
5 that we present the resolution that you see before you,  
6 1414, that strikes that.

7 So I'll ask the board to deliberate and vote.  
8 There's no restriction -- you could change this board  
9 policy. It can be whatever the board, as a majority,  
10 decides. You could change it, too, but I have started  
11 with just the proposal that would strike the entire  
12 description.

13 MR. MORALES: One minor consideration. By  
14 striking the restriction, there would still be regular  
15 election of the chair and vice-chair. It would be the  
16 removal of the restriction but the affirmative  
17 responsibility of electing.

18 CHAIRMAN RICHARD: Okay. Ms. Schenk.

19 MS. SCHENK: Another clarification. When we  
20 adopted the limitation, we also agreed to have two  
21 vice-chairs, which the public utilities code has  
22 provided for one. So whatever amendment we finally  
23 adopt ought to include, at least in our principles and  
24 policies, that we have the two vice-chairs.

25 MR. FELLENZ: I agree. That's a good

1 suggestion. We can make that as part of it.

2 CHAIRMAN RICHARD: Ms. Selby.

3 MS. SELBY: Yes. I, I think this is a great  
4 idea particularly because I, personally, feel that our  
5 current chairperson should be chair for a good, long  
6 time and is doing a wonderful job leading us all through  
7 what is not an easy thing. It is a very important  
8 thing. But I would suggest that we might be able to  
9 continue to have the restriction on the vice-chair  
10 people not because I don't revere the people who are  
11 currently vice-chairs but just to, sort of, have the  
12 ability to, perhaps, rotate people through and grow  
13 leadership in that way. So I'm wondering if we can  
14 uncouple the two and possibly stagger so that one person  
15 might leave and we have some continuity between the  
16 vice-chairs if we were to have a new vice-chair come in.

17 CHAIRMAN RICHARD: Okay. Mr. Rossi.

18 MR. ROSSI: I, too, hold the chair with  
19 great reverence; however, I think it's extremely bad  
20 policy to have anyone be chair for extended periods of  
21 time.

22 CHAIRMAN RICHARD: I would agree with that.

23 MR. ROSSI: It just makes no sense. And I  
24 think we need to be very careful, if I understand what  
25 you just said, that there is no restriction other than

1 it's a one-year term. I would suggest that we say that  
2 all officers cannot hold the position more than for  
3 several rounds, because it's just really bad policy to  
4 have people in perpetuity serving, because then it  
5 becomes ownership. At that point, it's no longer the  
6 people's program. It's -- and we have had that problem  
7 here. Not with this chair, but it's part of the  
8 problems we've had with this Authority is just that,  
9 sort of, ownership thought process. So I would like to  
10 suggest that as we discuss this issue and think about  
11 what we're doing that I'm fine with the one-year term  
12 but if we -- we should have some limit to how many  
13 successive terms someone can serve.

14 CHAIRMAN RICHARD: Okay. I really don't  
15 have any comments on this. I think the general idea of  
16 this not becoming, you know, President for life  
17 situation.

18 Okay. Others thoughts on this?

19 Vice-Chair Richards.

20 MR. RICHARDS: Yes, Mr. Chair. I think  
21 there's -- and I don't know how unique this is but  
22 something that I find unique about the experience of  
23 serving on this board is the amount of time that it  
24 takes to be a chair. And this happens to be, as we all  
25 know and as the public knows, this is an unpaid board.

1 So I think one of the challenges here is whether or not  
2 somebody who aspires or the board chooses to elect to  
3 the chair position, whether or not that same level of  
4 commitment and time is really available to all of us.  
5 And so I mean, I understand what Director Rossi is  
6 saying. I'm not so concerned about any maximum number  
7 of years. Somebody can serve. I am more concerned with  
8 the fact that they're reelected annually because it's  
9 the board that reelects the chair. It's not necessarily  
10 the chair who determines that he or she serve forever.  
11 But I am very concerned and when we acted before to  
12 extend the amount of time that the chair could serve,  
13 I'm really concerned about the amount of time that this  
14 role takes. The scope of this project and, frankly, a  
15 change in that leadership right now, which I don't think  
16 any of us are suggesting, but I think the fact that we  
17 are making provision for annual elections preserves the  
18 opportunity to make the change without necessarily  
19 putting in place, sort of, a -- so to speak, a term  
20 limit because that's another whole subject and perhaps  
21 not appropriate for here.

22 CHAIRMAN RICHARD: I did have a thought on  
23 this but Mr. Hartnett.

24 MR. HARTNETT: Go ahead.

25 CHAIRMAN RICHARD: Well, just -- you know,

1 it's easy in a situation like this to, sort of, get to  
2 an, "ah, shucks" moment, but let me just reflect on what  
3 my colleague, Mike Rossi, said. I mean, first of all,  
4 first and foremost, it's been just a tremendous honor  
5 for me to both be on this board, for which I thank  
6 Governor Brown, and to be chair, for which I thank my  
7 colleagues, and this is, I think without question, the  
8 most important work I have done in my life, in my  
9 professional life, and so I certainly cherish that  
10 opportunity. I do agree with Mike Rossi that there is a  
11 danger of an organization becoming, becoming stale. And  
12 I voluntarily stepped down from BART after several terms  
13 because I just felt that, at that point, I really wasn't  
14 sure that I was bringing that level of energy to it and  
15 that I thought it would be time for somebody else to  
16 step in. So I think that, in general, that kind of  
17 change is good. What Ms. Selby is talking about, about  
18 making sure that people have an opportunity to grow on  
19 the board is good. I'm fine with that. From a personal  
20 standpoint, I'd like to be involved with this to really  
21 get to the point where this project is on a  
22 self-sustaining foot, that we're in the ground, we're in  
23 construction, that we have, at least for a portion of  
24 the system, a sense of how we're going to build it to an  
25 operating segment. I don't know how far in the future

1 that is. I'm hoping it's not that far in the future,  
2 but I guess I would just say reflecting on this, I think  
3 the annual -- I think the annual vote of the board is  
4 important. I think it's important for any person who  
5 sits in this chair or in the vice-chairs to be  
6 accountable to their colleagues and so that does need to  
7 happen. I'm more or less indifferent on the issue of  
8 whether or not there's specific term limits. My only  
9 issue with that, Mr. Rossi, I'm not quite sure what that  
10 number would be that we would put in there. And I think  
11 that there's also, perhaps, a way to do this which is  
12 sort of similar to what other people have done, which is  
13 to just have a recognition that people should not serve  
14 in perpetuity. That there should be, kind of, a  
15 cultural understanding of that.

16 So between those two, whether it's just something  
17 that we do as a matter of cultural tradition of the  
18 board or whether it's something that we put into our  
19 procedures, I'm really indifferent to that. I guess  
20 what I would just say is it's not my intention to spend  
21 the rest of my career sitting in this -- in this seat.  
22 I just -- I love the opportunity to work with my  
23 colleagues and with Jeff Morales and staff to get to the  
24 point where this thing is really going. And what the  
25 heck, we may move on and try to build other high-speed

1 rail systems in other places.

2 MR. HARTNETT: I brought this up at the last  
3 meeting, and obviously, it hasn't had any board  
4 committee analysis or recommendation and different  
5 thoughts on how to proceed. You know, to me, there's a  
6 longer term issue and that is, is this the proper  
7 governance structure for high-speed rail having, in  
8 effect a volunteer board running a very large system,  
9 you know, having it designed, constructed, and approved,  
10 and then operated. You know, in some of the boards of  
11 the State or commissions, there's -- the chair is  
12 actually a full-time person that's paid, and, you know,  
13 I'm not recommending that at this point, but I think the  
14 kind of time that our current chair has devoted is one  
15 that is -- has been, at times, more than full-time and,  
16 and so it's very difficult to ask anybody to do that for  
17 this kind of business, and we are very fortunate that we  
18 have someone who has taken up that call. But, you know,  
19 I think that maybe we want to give some more thought  
20 institutionally to, you know, what we think the future  
21 might be in a more deliberative fashion than what my  
22 suggestion of last meeting was. And one way to do that,  
23 I think, would be -- is to adopt the proposed resolution  
24 that is to change with respect to the person both the  
25 chair and vice-chair, but at the same time, have the

1 chair consider how to appoint an ad hoc committee to  
2 look at the governance issues for purposes of  
3 recommendations that might come, you know, at the next  
4 round. That is to say, before the next election, we  
5 have a more deliberative recommendation as to term  
6 limits or, you know, position of the chair. Obviously,  
7 we can't create a full-time paid chair position, but,  
8 you know, I think we should think about what we want to  
9 recommend to the legislature going forward.

10 CHAIRMAN RICHARD: Ms. Schenk.

11 MS. SCHENK: Jim and I did not conspire on  
12 this. I was going to make that recommendation that for  
13 now, we adopt this so that we can -- I mean, everybody  
14 agrees that we're very grateful to you for the  
15 leadership that you have shown, and I, I can't think of  
16 another person who could have brought us to this moment,  
17 and I look at my colleagues. I don't think any one of  
18 us could take on the kind of time commitment and bring  
19 all of the elements that you brought to bring us to this  
20 point. So we should at least do that because our  
21 election time is coming up. But I was going to suggest  
22 that we have a committee but that we also engage in  
23 services of governance consultant because we don't have  
24 to reinvent the wheel, and we can make recommendations  
25 to the legislature for changes. And let's not forget,

1 for those concerned about having a dictator for life,  
2 that every new governor has his -- or hopefully some  
3 day -- her way of letting this board know who they want  
4 as chairman, and so far, whether republication or  
5 democratic governor, we have, kind of, acquiesce to  
6 that. So there is that additional way of making change,  
7 but I wholeheartedly endorse Jim's recommendation with  
8 the addition that we perhaps seek some professional  
9 consulting help, and then if we agree, we can make some  
10 recommendation to the legislature, get a bill from the  
11 Governor's office.

12 CHAIRMAN RICHARD: Ms. Selby.

13 MS. SELBY: I'm fine with that if we  
14 recognize in some way that -- you know, unfortunately,  
15 when you quantify things, then it is so, and then if you  
16 say it is not so -- and so I don't know quite how to do  
17 that. Just -- I think that this is a fine way to go  
18 about it. I think that this might be opening up a  
19 larger question of whether we were appropriately -- you  
20 know, the governor was right or wrong. I think that's  
21 an interesting question that you bring out. I don't  
22 want to, you know, belabor the point. I just -- I think  
23 that what I wanted to really say here is that, you know,  
24 Chair Richard, we're obviously very happy with what you  
25 have been able to do here and, you know, it would -- I

1 don't even know if anybody else here could take the  
2 time. I don't know how much time it is to be a  
3 vice-chair even. I don't know how much time it takes to  
4 be a vice-chair. That could be another, sort of, thing  
5 that might stop people, but I did want to say that, you  
6 know, just in terms of developing leadership, to  
7 separate the two would be fine. I'm okay with going  
8 ahead and voting with the resolution as it is.

9 CHAIRMAN RICHARD: Mr. Rossi, do you have  
10 another comment?

11 MR. ROSSI: Yeah. You know, it just -- I  
12 think governance issues need to be separated, with all  
13 due represent of my colleagues, and I don't really much  
14 care what the Governor wants. That's not my  
15 responsibility. My responsibility is as a board member  
16 here, and so it seems to me that you would be hard  
17 pressed to find any good governance that doesn't limit  
18 these types of positions, and if we're constantly  
19 talking about how we're brining this organization more  
20 and more into a professional arena starting with getting  
21 demand models, getting our budgets right, getting the  
22 Financial and Audit Committee right, all the things we  
23 have done, we have yet to talk about personalities here.  
24 Management is a process, procedures, and structure. If  
25 we're going to articulate our belief that we're moving

1       this more and more to a professional organization it  
2       becomes somewhat difficult not to understand the fact  
3       that we would put the appropriate limits on all of these  
4       jobs.

5           So what I would vote for this board, what I would  
6       tell you is that if we're going to constantly say one  
7       thing, we should also act the way we say we're going to  
8       act. So I'm quite happy by the fact that we have --  
9       each office is for one year and that should not just  
10      apply, by the way, to the office. It should apply to  
11      committee heads. They should be reviewed regularly as  
12      well. We should have a process that is truly  
13      professional in nature. Now, I'm the last person at  
14      this table who would like to see Dan not be reelected  
15      for chairman, but that doesn't preclude the fact that we  
16      ought to start thinking about operating in a  
17      professional manner. If we say we are, then we should  
18      do it at every level of the organization that includes  
19      starting at the top.

20           CHAIRMAN RICHARD: Okay. Well, I want to  
21      bring this to a close just because we have other  
22      business that we have to get to today, but I want to say  
23      that I agree with that completely, and as the person who  
24      created the Finance and Audit Committee because I  
25      wanted -- you and I had many conversations about this --

1 I wanted to see, as a hallmark of this board, that we do  
2 focus a lot on governance. A lot of times when I talk  
3 to people I say, "You, know, it's not very exciting to  
4 talk about, but what's going on under the hood of the  
5 High Speed Rail Authority in terms of the way that we  
6 organized this, the work of the Finance and Audit  
7 Committee, the work of our staff in creating transparent  
8 information, is something that we should be proud of."  
9 So I think your comment, Mr. Rossi, about this needing  
10 to be about process and procedures and not about  
11 personalities is exactly right. I would agree with  
12 that, and I will certainly do my part to not make this  
13 about personalities.

14 I think that -- I think to try to move this  
15 forward today given that there is a particular deadline,  
16 if my colleagues are happy with Vice-Chair Hartnett's  
17 suggestion and then, you know, picking up on that plus  
18 what Ms. Schenk said that it does give us an opportunity  
19 to look at broader governance questions, which I think  
20 are very appropriate.

21 Mr. Morales just pointed out that we could also  
22 look at this for some kind of a strategic planning and  
23 succession planning process, which I think is also very  
24 good and corporate model that we could follow.

25 And finally, I just want to say two things; one,

1 slight correction for the record. We are not  
2 technically an unpaid board. We receive \$100 a meeting  
3 up to a limit of \$500 a month, and so we should just be  
4 clear about that. No -- we are entitled to that. I  
5 guess is the point. I think I can say with great  
6 confidence that nobody is up here doing this for the  
7 money. So why don't we -- one last comment about  
8 governance. It is always important to review governance  
9 structure. And that's why I think Governor Brown's  
10 suggestion that the High Speed Rail Authority be placed  
11 administratively in the reorganized State Transportation  
12 Agency was a very good suggestion, and it has allowed us  
13 to be integrated both administratively but also  
14 policy-wise into a broader public policy focus on  
15 transportation. So that's just that these things should  
16 evolve, and certainly, this governor had enough  
17 understanding of government to have a sense of how to  
18 evolve in that case.

19           But why don't we just -- Mr. Hartnett, if you  
20 would like to make that in the form of a motion.

21           MR. HARTNETT: Yes, and I would like to also  
22 thank my colleagues for the discussion. I think the  
23 governance issues, it's important for us to deal with  
24 outside the scope of personalities, including, you know,  
25 what the governance expectation is of the chair of the

1 board. So I think that's something that we need to  
2 address, and so I move that we adopt the Resolution 1414  
3 stated with also the request that the chair appoint a  
4 subcommittee to address the governance issues with  
5 whatever scope can be defined.

6 MR. FELLENZ: Vice, Vice-Chair Hartnett, can  
7 I make an suggestion.

8 MR. HARTNETT: Yes.

9 MR. FELLENZ: If you look at page four of  
10 the attached policies and procedures and I'm following  
11 on Board Member Schenk's suggestion, article 2A3, I  
12 would suggest calling on Vice-Chair -- I mean -- Board  
13 Member Schenk's suggestion it should read, "the  
14 chairperson and two vice-chair persons and any other  
15 officers," so that we're adding --

16 MR. HARTNETT: Yes, I agree to incorporate  
17 that in my motion.

18 MS. SCHENK: Second.

19 CHAIRMAN RICHARD: Okay. It was moved by  
20 Vice-Chair Hartnett. Seconded by Member Schenk.

21 Secretary, please call the roll.

22 MS. NEIBEL: Ms. Schenk.

23 MS. SCHENK: Yes.

24 MS. NEIBEL: Vice-Chair Richards.

25 MR. RICHARDS: Yes.

1 MS. NEIBEL: Vice-Chair Hartnett.

2 MR. HARTNETT: Yes.

3 MS. NEIBEL: Mr. Rossi.

4 MR. ROSSI: Yes.

5 MS. NEIBEL: Ms. Perez-Estolano.

6 MS. PEREZ-ESTOLANO: Yes.

7 MS. NEIBEL: Mr. Henning.

8 MR. HENNING: Yes.

9 MS. NEIBEL: Ms. Selby.

10 MS. SELBY: Yes.

11 MS. NEIBEL: Chairman Richard.

12 CHAIRMAN RICHARD: Yes.

13 Thank you.

14 MR. FELLENZ: So, Mr. Chairman, the next  
15 part of the agenda would be to elect officers, that is,  
16 the chair and vice-chair. Now, when this was placed on  
17 the agenda ten days before the meeting, it did include  
18 the words as you see in the agenda right now, "and  
19 electing officers," and I'll take responsibility for not  
20 having included that, but obviously, we need to move  
21 ahead with that action considering the fact that our  
22 policies and procedures require that the chair and  
23 vice-chair be reelected on -- by July 1st every year,  
24 and there will be no July board meeting. So therefore,  
25 I ask that you turn to the board and ask them to vote to

1 include the election of officers in this board meeting.  
2 I did place the terms "and electing officers" on the  
3 board agenda on Wednesday. There was the required  
4 forty-eight hours notice for that.

5 CHAIRMAN RICHARD: Okay. So if I understand  
6 you correctly, what you're saying is just to correct the  
7 omission in the published agenda, we need to have an  
8 affirmative vote of -- what -- two-thirds of the board?

9 MR. FELLENZ: Correct.

10 CHAIRMAN RICHARD: -- to place the  
11 additional item of the election of officers on today's  
12 agenda.

13 MR. FELLENZ: Correct.

14 CHAIRMAN RICHARD: So the first question  
15 would be to ask my colleagues whether the election of  
16 officers could be placed on today's agenda, right?

17 MR. FELLENZ: Correct.

18 CHAIRMAN RICHARD: If there are comments on  
19 that, that's fine. We can do that. Otherwise, we will  
20 proceed to vote.

21 MR. RICHARDS: I would move to do so,  
22 Mr. Chairman.

23 CHAIRMAN RICHARD: Okay. Vice-Chair  
24 Hartnett.

25 MR. HARTNETT: Second.

1 CHAIRMAN RICHARD: Ms. Perez-Estolano, did  
2 you have a --

3 MS. PEREZ-ESTOLANO: No.

4 CHAIRMAN RICHARD: Okay. Can you call the  
5 roll on that on whether or not the election should also  
6 be included on the list.

7 MR. ROSSI: Can I ask a --

8 CHAIRMAN RICHARD: Mr. Rossi.

9 MR. ROSSI: No, no, no. The legal opinion  
10 is that we need to do this in order for it to be okay.

11 MR. FELLENZ: Two-thirds of the board must  
12 vote on it.

13 MR. ROSSI: Oh, okay. I apologize.

14 CHAIRMAN RICHARD: Okay. Please call the  
15 roll.

16 MS. NEIBEL: Ms. Schenk.

17 MS. SCHENK: Yes.

18 MS. NEIBEL: Vice-Chair Richards.

19 MR. RICHARDS: Yes.

20 MS. NEIBEL: Vice-Chair Hartnett.

21 MR. HARTNETT: Yes.

22 MS. NEIBEL: Mr. Rossi.

23 MR. ROSSI: Yes.

24 MS. NEIBEL: Ms. Perez-Estolano.

25 MS. PEREZ-ESTOLANO: Yes.

1 MS. NEIBEL: Mr. Henning.

2 MR. HENNING: Yes.

3 MS. NEIBEL: Ms. Selby.

4 MS. SELBY: Yes.

5 MS. NEIBEL: Chairman Richard.

6 CHAIRMAN RICHARD: Yes.

7 MR. FELLENZ: So now, Mr. Chairman, you can  
8 move ahead with the election of the chair and two  
9 vice-chairs.

10 CHAIRMAN RICHARD: Right. Mr. Hartnett, is  
11 your light up? It is.

12 Okay. So why don't we start with -- well, since  
13 I have got the gavel, I'll start with motions for the  
14 vice-chairs for the coming year.

15 We need names. Same guys. Okay. The motion is  
16 for the same guys to continue for another year.

17 MS. PEREZ-ESTOLANO: Second.

18 MS. SELBY: Second.

19 CHAIRMAN RICHARD: Okay. It's been moved  
20 and seconded. Is there any objection?

21 Hearing none, just record everybody as support.

22 Is that fine, Mr. Fellenz?

23 MR. FELLENZ: Yes.

24 MR. ROSSI: So move. Same guys.

25 MR. FELLENZ: Mr. Chairman, why don't we

1 take the vote from everybody.

2 CHAIRMAN RICHARD: All right. So why don't  
3 we have a vote that the same officers will continue in  
4 these positions.

5 Would you please call the roll.

6 MS. NEIBEL: Ms. Schenk

7 MS. SCHENK: Yes.

8 MS. NEIBEL: Vice-Chair Richards.

9 MR. RICHARDS: Yes.

10 MS. NEIBEL: Vice-Chair Hartnett.

11 MR. HARTNETT: Yes.

12 MS. NEIBEL: Mr. Rossi.

13 MR. ROSSI: Yes.

14 MS. NEIBEL: Ms. Perez-Estolano.

15 MS. PEREZ-ESTOLANO: Yes.

16 MS. NEIBEL: Mr. Henning.

17 MR. HENNING: Yeah.

18 MS. NEIBEL: Ms. Selby.

19 MS. SELBY: Yes.

20 MS. NEIBEL: Chairman Richard.

21 CHAIRMAN RICHARD: Yes.

22 Thank you. And thank you for that, Mr. Fellenz.

23 I'm sure that nobody would have ever challenged that  
24 because nobody ever challenges anything we do so -- all  
25 right.

1           I think that concludes the housekeeping work.  
2 Let's get on with building the high-speed rail system.  
3           Mr. Fellenz.

4           MR. FELLENZ: The chair position.

5           CHAIRMAN RICHARD: We just did that.

6           MR. FELLENZ: Okay.

7           CHAIRMAN RICHARD: The same guys  
8 including --

9           MR. FELLENZ: The same guys including you.

10          Thank you.

11           CHAIRMAN RICHARD: All right. We're out of  
12 here. Okay. Item 5, consideration of a scope change,  
13 amendment scope of work for the request for  
14 qualifications for CP 2 and 3 construction management  
15 services.

16          Mr. Morales, do you want to introduce this?

17           MR. TAPPING: Good morning, Chairman  
18 Richard, board members. It's a pleasure to be before  
19 you again. John Tapping. I'm the director of the  
20 management project in terms of the Authority. The  
21 Authority staff seeks board approval to issue an  
22 addendum to the RFQ for project construction management,  
23 i.e. PCM services, through Construction Package 2,3. By  
24 way of background, on December 5th, 2013, the Authority  
25 board of directors approved the issuance of the RFQ for

1 PCM services for 2,3 allowing the Authority to move  
2 forward with the procurement process. On April 3rd,  
3 2014, the Authority released the RFQ for PCM services  
4 for CP 2, 3 in concert with the design build for CP 2,  
5 3. By way of background, the PCM serves as the  
6 Authority's eyes and ears and will identify, manage, and  
7 mitigate project risks and make sure technical and  
8 contract requirements, including costs, are met for CP  
9 2, 3. It is a direct agent of the authority and is  
10 independent for the design build contract. PCM team  
11 members will work closely with the CP 2, 3 design team  
12 contractor and will oversee inspection and testing of  
13 high-speed train infrastructure, technical and  
14 environmental compliance, including hazmat oversight,  
15 utility relocation, construction safety, and public  
16 outreach. The ICE -- in other words, the Independent  
17 Checking Engineer -- during the design and -- during  
18 design development from the preliminary to final and the  
19 ISE during construction testing are independent third  
20 parties that shall redeem, assess, and evaluate the  
21 design builder's work on behalf of the Authority in  
22 order to certify the work requirements in the design  
23 build contract.

24 The procurement process with PCM services  
25 contract is currently underway. As a result of the

1 management of this procurement, in conjunction with  
2 construction coordination of the overall project,  
3 project staff has recommended amending the RFQ so that  
4 the resulting PCM contract will include ICE and ISE  
5 roles, in essence, transferring them from the design  
6 build contract. Inclusion of ISE and ICE tasks within  
7 the PCM contract is in the best interest of the program.  
8 Staff is recommending amending the RFQ to include ISE,  
9 ICE services within the scope of the PCM contract.  
10 While this can change from the original RFQ, the PCM  
11 already included the services of quality, verification  
12 of validation, self-certification of oversight, and  
13 engineering oversight. The aim of this recommendation  
14 is to ensure that these services be enhanced through the  
15 required PCM review, assess, evaluate the design  
16 builders contractor's work on behalf of the Authority,  
17 and to certify the work meets the design build contract.  
18 By transferring the responsibility of ICE to the PCM,  
19 the Authority can eliminate the services from the design  
20 build contract and more efficiently meet federal  
21 requirements and enact the impartiality of the  
22 evaluation of the work. Including the ICE services  
23 within the PCM -- and by the way, it's designated as a  
24 required subcontract to the PCM, so it will be a  
25 sub-consulting firm instead of the design build

1 contractor to ensure independence of quality functions  
2 from operational requirements of the design builder. I  
3 would add with the comments with respect to small  
4 business, we were cognitive of that and the PCM is --  
5 does have some provisions for the thirty percent small  
6 business goal, participation goal. Also, designating  
7 the ISE, ICE as sub-consultants for the facilitation of  
8 the small business participation.

9           The RFQ approved by the board originally included  
10 a contract compensation range of 45 to 65 million, not to  
11 exceed 55 million. Staff seeks to increase this range  
12 to 65 to 85 million to accommodate the increased work of  
13 the ICE, ISE. While moving the ISE, ICE services under  
14 the PCM increases the scope and dollar amount of that  
15 contract, these costs will be offset by comparable  
16 reduction in the design build RFP bid. In other words,  
17 the shift of funds is not signaled in any way through  
18 contract to go to the program or, or changes in the  
19 budget from 2014 business plan.

20           So the recommendation before you is, is recommend  
21 that the board adopt the resolution, approve the  
22 issuance of the addendum of the Request For  
23 Qualification to procure project and construction  
24 management services for construction package 2, 3 to  
25 include Independent Checking Engineer, an Independent

1 Site Engineer for a total contract compensation range of  
2 65 to 85 million and a term one year pass of statute and  
3 fines of the CP 2, 3 design build contract. In  
4 authorizing this modification to the RFQ, staff also  
5 seeks approval from the board to remove the ISE, ICE  
6 work and to serve from the design build request for  
7 proposal, RFP. This conclude my presentation. I would  
8 happily take any questions that you may have.

9 CHAIRMAN RICHARD: I have a question, but  
10 I'm going to turn to my colleague first.

11 And, Mr. Rossi, and I'd be interested whether  
12 this was something that was discussed in the Finance and  
13 Audit Committee, risk management.

14 MR. ROSSI: No, not from the -- it's pretty  
15 straightforward.

16 What I'm more interested in, John, is -- it's on  
17 page three and it's what you just said. Will be also by  
18 comparable -- design build -- how do you know that?

19 CHAIRMAN RICHARD: I'm sorry. I can't hear  
20 you.

21 MS. SCHENK: I can't hear.

22 CHAIRMAN RICHARD: What was your question?  
23 How do we know that?

24 MR. MORALES: Yeah, right. The offset of --  
25 these are -- the way the Construction Package 1 was set

1 up, and the design builder was required to procure these  
2 services separately. It's a discrete amount of work,  
3 discrete set of services. So really what we're doing  
4 is just taking the module, if you will, out of that one  
5 contract and into the other. We can't literally say  
6 maybe a hundred percent dollar for dollar, but we would  
7 expect to see that offset because, again, it's a  
8 discrete function that they include in their bid at our  
9 direction. So that's specified what those services are  
10 and so we can do a direct comparison between what we  
11 would weigh those services through them or through the  
12 PCM.

13 MR. ROSSI: Right. And that's my point, we  
14 get these bids, take a look, we're going to check to be  
15 sure. If we don't have these offsets, what are we going  
16 to do?

17 CHAIRMAN RICHARD: Well, presumably, if they  
18 don't offset, then it becomes a nonconforming bid.

19 MR. ROSSI: Well, I want to be sure, because  
20 one of the nice things about contractor's bids is,  
21 people say a lot of things at the beginning and at the  
22 end, it's something else. I want to be sure that we  
23 have contracting.

24 CHAIRMAN RICHARD: This actually goes  
25 exactly to where my line of questions was going to be,

1 but Vice-Chair Hartnett was next.

2 MR. HARTNETT: Board Member Schenk had a --

3 CHAIRMAN RICHARD: Oh, okay. And you were  
4 going to be the next after him.

5 MS. SCHENK: Also, on page three on the  
6 dates, it says that we now have these dates changed.

7 How much more time has been added?

8 MR. TAPPING: It's approximately five weeks.

9 MS. SCHENK: Five weeks.

10 MR. TAPPING: We wanted to give the bidders  
11 notice in orderer to reflect we needed to issue in the  
12 addendum. So it's about five weeks.

13 MS. SCHENK: And -- so will there be some  
14 kind of delays then that --

15 MR. TAPPING: No. We have enough  
16 flexibility in the schedule and design build procurement  
17 as well.

18 MS. SCHENK: Thank you.

19 CHAIRMAN RICHARD: Ms. Selby.

20 MS. SELBY: I had a question about small  
21 business and, to some extent, about risk management.  
22 We're moving it from one group to another group. It's  
23 still the same work. I get that. So my question on  
24 small business is would it be possible to have it be a  
25 separate contract and still have the risk of the work

1 being done rely on the same group that we're hoping to,  
2 to have that risk lie on?

3 MR. TAPPING: Certainly, that's possible.  
4 There's pros and cons. One of the factors of having it  
5 with the PCM is it's integrated with their scope of task  
6 and integrated with the design builder as well. So if  
7 you have another set of contracts, it's -- contracts  
8 will be -- so it's more, I think, efficient. The PCM is  
9 our direct eyes and ears, is our agent, does our quality  
10 management, and so from an efficiency standpoint, it  
11 makes sense to have it under a PCM.

12 CHAIRMAN RICHARD: I'm going to ask  
13 Mr. Morales to supplement.

14 MR. MORALES: I do want to make sure -- John  
15 made this point in his presentation, but I want to make  
16 sure it's perfectly clear. As is the case under the  
17 design builder on Construction Package 1, if this is  
18 approved by the board and put under the PCM, there will  
19 be a separate subcontractor. It will not just be  
20 consumed with the construction contract. So there will  
21 be a procurement that the construction manager does to  
22 procure these services from other entities. So if -- in  
23 effect, it would be as if we were preparing our own  
24 independent, and small businesses would be equally  
25 eligible and able to compete for that work as would

1 others. But it's not just rolled into the contract of  
2 the larger contract of construction.

3 CHAIRMAN RICHARD: Ms. Selby.

4 MS. SELBY: And then I have a second part of  
5 the question, which may not be so much to you as it is  
6 to CEO Morales, but the question being, this seems to be  
7 the kind of work that potentially could be done by a  
8 small business or there might be small businesses out  
9 there that will be able to do this more than others and  
10 the possibility of increasing that percent as a result  
11 through higher than thirty or fifty percent. It seems  
12 to be that kind of business where actually it attracts a  
13 lot of different small businesses and share the wealth,  
14 as it were.

15 MR. MORALES: It -- I think we heard from a  
16 small business today that does this type of work that  
17 would be eligible, I believe, to participate. As part  
18 of this process, there will be outreach to small  
19 businesses as well as to others who are qualified to do  
20 this work. Again, the construction manager will, in  
21 effect, conduct his own procurement of these services  
22 and so it is certainly possible that small business --  
23 yet the program construction manager overall has the  
24 thirty percent requirement for all of its work. How  
25 they decide to do that, whether this contract will

1 become part of their thirty percent or whether it will  
2 exceed it would be their determination.

3 CHAIRMAN RICHARD: I just had a -- I'm just  
4 making a comment if I could. I appreciate the direction  
5 of your question and I appreciate having board members  
6 who are very focused on making sure that we have our  
7 small business goals that we meet. All of us are  
8 committed that these are not just things that we mouth  
9 but that we meet. I have to say that I have some  
10 hesitancy to start to modify goals on each individual  
11 contract based on what we think might be the  
12 availability of small businesses to meet that contract,  
13 that there's a fairly discrete process that our staff  
14 has done, I think has done an excellent job on of  
15 looking at availability across the range. So I just  
16 want to say I understand where you're trying to go with  
17 that, but I think if we start down that direction by  
18 saying, "Well, on this contract, maybe it's the nature  
19 of the work that is -- would allow us to go up." Well,  
20 then somebody is going to come in and say, "Well, in  
21 this contract then it can go down." I have experienced  
22 this in my utility background when we tried to set small  
23 business goals and somebody said, "Oh, well, certainly  
24 you didn't mean for the nuclear fuel department because  
25 there's not small business for that," so then we chopped

1 that out and then we try to do this over here. It makes  
2 it a lot easier to manage these programs when we have an  
3 overall goal that we feel confident is going to bring  
4 the benefits of this program to a wide range of people.  
5 So if -- that was just a reaction to that.

6 MR. MORALES: I would certainly agree. I  
7 had the same line of discussion on the right of way  
8 contracts coming up. It's our responsibility, first and  
9 foremost, to meet the board's policy for setting and  
10 achieving the thirty percent goal and then secondly to  
11 work through the process and work with the business  
12 community to try to create the opportunities for small  
13 businesses to participate, and they can choose and give  
14 them the opportunity in some cases to participate as a  
15 prime in other cases as a sub. And it's about creating  
16 the opportunity, but ultimately it's about  
17 participation. It's about what the board's goal is.  
18 It's what federal law calls for, but we certainly look  
19 for opportunity and have structured some of the  
20 contracts previously with an eye toward hoping that  
21 small businesses -- but that's always an election of the  
22 businesses bidding on it, on that service, how they want  
23 to structure their proposal.

24 CHAIRMAN RICHARD: Ms. Selby, I don't know  
25 if you had other comments. I know Director Rossi did.

1                   MR. ROSSI: I would only suggest that I  
2 agree with everything you said, but I think there's  
3 another consideration. Clearly, thirty percent is  
4 important. You have to do that. It would be great if  
5 we could do more, but when it comes to issues of  
6 quality, the more players, the less likely you're going  
7 to get the quality. You need consistency, and I think  
8 we need to be very careful and try to manage this  
9 exercise from here, because as we move down this road,  
10 quality of these particular exercises is going to be  
11 unbelievably -- and the consistency of that quality. So  
12 as you -- if you try to add more and more players, you  
13 just have to be careful that you're managing it well  
14 enough that you don't lose consistency in the quality of  
15 the performance.

16                   CHAIRMAN RICHARD: Right. But let me just  
17 comment on this, because I think this is very important.  
18 First of all, I want to make sure, Mr. Rossi, is that  
19 your comments are not misunderstood. I don't believe in  
20 any way you were equating quality with bringing in small  
21 business.

22                   MR. ROSSI: No.

23                   CHAIRMAN RICHARD: You were talking about  
24 having a large number --

25                   MR. ROSSI: It could be a large number of

1 big businesses.

2 CHAIRMAN RICHARD: A large number of big  
3 businesses, it's the same thing. And this was the  
4 question that I wanted to go to. So I have two  
5 questions, which my colleagues have touched on both of  
6 them. The first one was are we going to see comparable  
7 savings out of the other contract, and we have had that  
8 discussion, but I'd just like to take a second and  
9 explore this because we spent a lot of time about two  
10 years ago when, frankly, we had a pretty big argument  
11 with our friends who work for the State Transportation  
12 Department who do a lot of inspection work, and there  
13 was a very thorough examination we had of how we are  
14 structuring our quality control and quality assurance  
15 programs, and because this is a design build contract,  
16 as opposed to having State inspectors come out and  
17 inspect every piece of this, we have set up a structure  
18 in our outside contracting community with oversight from  
19 ourselves and further oversight from the Federal  
20 Railroad Administration, DOT to basically embed a whole  
21 structured quality control, quality assurance program.  
22 So I just wanted to raise the question, and particularly  
23 to Mr. Tapping who is our chief risk management officer,  
24 is there anything about this change, moving from the  
25 design build contractor to put it under the contract

1 manager, is there anything about that that touches in  
2 any way on that structure of what's called QAQC, Quality  
3 Assurance Quality Control. If there is, I'd like to  
4 understand what touch point is so that the board can  
5 determine whether or not we have any diminution of  
6 competence in our ability to have an effective QAQC  
7 program.

8 MR. ROSSI: And how it, in fact, runs  
9 through your model if it, in fact, does change.

10 MR. TAPPING: One of the other things that's  
11 required actually on a NCHRP, National Cooperative  
12 Highway Research Program 1083, and it's a special panel  
13 set up on quality systems for design build, and this is  
14 a standard model for --

15 CHAIRMAN RICHARD: This one that we're  
16 moving to, Mr Tapping?

17 MR. TAPPING: Both are used.

18 CHAIRMAN RICHARD: Okay.

19 MR. TAPPING: There's advantages, which I  
20 have stated today, of embedding the ICE ISE within the  
21 PCM contract, who is our direct eyes and ears in the  
22 field. So, so the -- you know, I see it as more  
23 efficient, less redundancy; yet, we have, as the owner,  
24 more control. So I -- it's an improvement. Arguably,  
25 you bring these services from the design builder into

1 the PCM, then there's an interaction there that could  
2 create some back and forth and potential debate about  
3 quality, but, you know, that's a good thing.

4 CHAIRMAN RICHARD: Well, I don't want to  
5 beat this to death. On the other hand, this is one of  
6 those moments people can look back on years later and  
7 say, "I wish we spent more time talking about it." So  
8 let me just pose the question this way; on the one hand,  
9 I can see the benefits of the independence of having the  
10 quality oversight done as part of the construction  
11 management oversight. On the other hand, I'm  
12 remembering a story that I was told about work in Taiwan  
13 one of our program people through the Parsons  
14 Brinkerhoff contract told me about at a time when they  
15 were building high-speed rail in Taiwan. And the design  
16 build contractor was putting in a structure, bridge  
17 structure, that was obviously deficient in some ways,  
18 and they went to the design build contractor, and he  
19 said, "Are you telling me to change it?" And at that  
20 moment, this person said, "I knew if I said, 'You have  
21 to change this,' that suddenly there was going to be a  
22 change order and a dispute and so forth." And he said,  
23 "No, I'm not telling you, you have to change it. I'm  
24 telling you, you have to sign off. You have to sign a  
25 document at the end of this saying that this meets our

1 standards." "Are you telling me to change it?" "I'm  
2 telling you, you're going to have to sign off on it."  
3 The guy said, "Fine. I'm putting it in." A week later,  
4 tore it out, and put in something that was not  
5 substandard. So the question is if we remove this from  
6 the design build contract --

7 MR. ROSSI: Are you transferring --

8 CHAIRMAN RICHARD: Are we transferring that  
9 risk onto us --

10 MR. ROSSI: That's exactly right.

11 CHAIRMAN RICHARD: -- in a way that could  
12 lead to these kinds of disputes?

13 MR. ROSSI: The transfer -- which is a big  
14 thing with the peer review group and they're correct and  
15 that's why I was getting back to your modeling. This  
16 would appear as Dan just said to change who's  
17 responsible for what when, i.e. we're taking on more  
18 responsibility than we had before, which means that we  
19 have now taken more liability back and how does that  
20 flow into your structure.

21 CHAIRMAN RICHARD: Maybe we just don't  
22 understand it.

23 MR. MORALES: It's an excellent question.  
24 It's not the case. And part of this goes back to the  
25 nature of the contracts we're doing and how we're

1 delivering a program that's designed on these initial  
2 contracts and not a design bid build, and so this is  
3 part of a broader verification and validation process  
4 for quality oversight program. The purpose of reviewing  
5 designs and ultimately construction is not to second  
6 guess if that's how we would do it or not but is to  
7 ensure that they are meeting design guidelines,  
8 standards, doing it appropriately. Part of what we want  
9 to be very careful in this process is that we don't  
10 compromise the value of the design build process by  
11 inserting our judgements into there's. The way the  
12 current contract is set up, it really almost, again, is  
13 just a contracting mechanism in terms of the fact that  
14 this was put with the design builder initially. They do  
15 not report to the design builder. They report to the  
16 construction manager, who comes to us.

17 CHAIRMAN RICHARD: Okay.

18 MR. ROSSI: Okay.

19 CHAIRMAN RICHARD: So you're saying that  
20 there's an administrative convenience --

21 MR. MORALES: To enter into that contract  
22 but there's no reporting relationship back to the design  
23 builder. This, frankly, I think as John said, is just a  
24 better way to do it. The function does not change.

25 CHAIRMAN RICHARD: I'm more comfortable with

1           that.

2           Just a correlating question, we're talking about  
3 CP 2, 3 here. So it raises the question, how did we do  
4 it on CP 1?

5           MR. MORALES: CP 1, the design builder, as  
6 required under the contract, has retained an Independent  
7 Checking Engineer, will retain an Independent Site  
8 Engineer that we pay for.

9           CHAIRMAN RICHARD: That reports --

10          MR. MORALES: And reports directly to us.  
11 We think it's just a more efficient way of doing it. It  
12 creates --

13          CHAIRMAN RICHARD: Okay. So in either case,  
14 what you're saying is we have the independence and we  
15 have, essentially, the same risk.

16          MR. ROSSI: They haven't changed.

17          MR. MORALES: There's no shift.

18          CHAIRMAN RICHARD: All right. That is a  
19 pretty essential piece in my mind.

20          Ms. Perez-Estolano.

21          MS. PEREZ-ESTOLANO: I have a question, and  
22 just to take a step back, I want to understand, because  
23 we're adjusting this in other matters today before the  
24 board, that you're going through and you're doing  
25 evaluation ongoing to improve delivery of the program,

1 and that's how this happened. So this -- can you just  
2 go through that a little bit.

3 MR. TAPPING: Yes, absolutely. We have an  
4 internal quality management system program, which falls  
5 under my purview, and we do, regularly, surveillance  
6 assessments of processes and procedures. This was  
7 discussed with our PCM 1 design builders, CP 1, and we  
8 got industry feedback. So it was a continuous  
9 assessment of our policy and procedures that really,  
10 kind of, indicated -- we think there's a better way to  
11 go as we move forward.

12 MS. PEREZ-ESTOLANO: Thank you.

13 MR. TAPPING: And I would just -- if I  
14 could -- speaking back on some of the comments, the  
15 design build contract, in itself, has very robust  
16 quality management, quality assurance -- quality on  
17 them -- design builder. So even without the ICE, ISE,  
18 there's very robust quality provisions in the design  
19 build contract.

20 CHAIRMAN RICHARD: Right, which I think is  
21 appropriate to have these in layers both internal and  
22 external to the design build.

23 Okay. I feel like that satisfied my questions.

24 Vice-Chair Richards, do you have --

25 MR. RICHARDS: Yes, Mr. Chairman. I think

1 that that's one of the reasons I support it. I think  
2 that what it does is it moves us, and that's what you  
3 were talking about. Again, it moves us into a position  
4 of more independence, and I think that what the checking  
5 engineering are checking are plans the design build  
6 contract put together, what we're doing, I think, is  
7 ensuring that they're building them compliant with their  
8 own plans and specifications, which we discussed. So I  
9 think the idea is that we take that and put it in a  
10 different place underneath our eyes and ears in the  
11 field with our PCM is the appropriate place to put it.  
12 It's supportable. It gives us the degree of  
13 independence, I think, that increases from where we were  
14 before. I'm sensitive also to the comments that were  
15 made by Mr. Athalye. I think under these circumstances,  
16 it just seems, to me, from my own experience, which is  
17 clearly not a project of this size, I just want those  
18 people who are checking what's being done out in the  
19 field to be working for me and even though, as you point  
20 out, they were in CP 1, they are reporting to us, but I  
21 think there's something important about them being  
22 underneath the umbrella as our eyes and ears out in the  
23 field.

24 CHAIRMAN RICHARD: Well, Vice-Chair  
25 Richards, I suspect that you probably have a better feel

1 for this as a guy who builds stuff than just about  
2 anyone else on this board. So thank you for those  
3 comments.

4 All right. Is there a motion?

5 MR. ROSSI: So move.

6 MS. SELBY: Second.

7 CHAIRMAN RICHARD: It's been moved by  
8 Mr. Rossi. Seconded by Ms. Selby.

9 Please call the roll.

10 MS. NEIBEL: Ms. Schenk.

11 MS. SCHENK: Yes.

12 MS. NEIBEL: Vice-Chair Richards.

13 MR. RICHARDS: Yes.

14 MS. NEIBEL: Vice-Chair Hartnett.

15 MR. HARTNETT: Yes.

16 MS. NEIBEL: Mr. Rossi.

17 MR. ROSSI: Yes.

18 MS. NEIBEL: Ms. Perez-Estolano.

19 MS. PEREZ-ESTOLANO: Yes.

20 MS. NEIBEL: Mr. Henning.

21 MR. HENNING: Yes.

22 MS. NEIBEL: Ms. Selby.

23 MS. SELBY: Yes.

24 MS. NEIBEL: Chairman Richard.

25 CHAIRMAN RICHARD: Yes.

1           Thank you, and thank you, Mr. Tapping and  
2 Mr. Morales.

3           Next item is Item 6 for the release of the  
4 proposals for right of way services for the initial  
5 construction segment.

6           MR. GREBE: Hi, good morning, and thank you,  
7 Chairman Richard. I'm Don Grebe, I'm the director  
8 of real property of the High Speed Rail Authority, and  
9 I'm here to seek board approval for the issuance of  
10 request for proposal for clear right of way services.  
11 Pursuant to board's policies and issuance of RFPs,  
12 applicable contracts will be required to complete the  
13 work needed to achieve these goals. The board  
14 previously approved the procurements of these services  
15 in July and August of 2011 to initiate right of way  
16 acquisition process for Construction Packages 1, 2, and  
17 3. As part of that process, there were four contracts  
18 with this issue. Three of the four contracts went to  
19 small business. There are four primary factors causing  
20 the request for re-procurement, the extension of scope.  
21 At this time, we want to complete the first construction  
22 segment and then additional planning for CP 4 and then  
23 sections north of CP 1 going to Merced.

24           Secondly, the right of way process was impacted  
25 by environmental schedules in time taking to secure

1 funding. Appraisals were synchronized with the original  
2 schedule environmental approvals and funding milestones.  
3 This, combined with the effects of the rebounding  
4 economy, shortened the shelf life of these appraisals,  
5 and, thus, requires substantial reorder that had to be  
6 completed that was not contemplated in the original  
7 procurement.

8 Thirdly, there's some legal matters, such as in  
9 Merced, Merced are making a settlement. This necessity  
10 to design refinements completely before the start --  
11 that needs to be completed before the start of the  
12 appraisal process, which also caused for delays. Other  
13 impending lawsuits have impacted property owner's  
14 decision making and prolonged the acquisition process.

15 Finally, the right of way crossings that were  
16 subject to external reviews that were previously  
17 untested in the acquisition program of this magnitude.  
18 The Authority has been refining the roles and responses  
19 of our sister agencies as well as protocols for  
20 communication and decision making, which has taken some  
21 time and effort that wasn't previously anticipated.

22 As a role of these factors, the original four  
23 contracts reaching -- excuse me -- capacity. This RFP  
24 will give the Authority continued ongoing access to  
25 these critically necessary services and standardize the

1 delivery of right of way to the design builder by more  
2 certain deadlines.

3 Staff now seeks board approval to issue an RFP  
4 aimed at procuring local contracts provided with  
5 services. The total value of services required is not  
6 to exceed \$35 million, and the contract term will be  
7 four years. This RFP is consistent with the cost  
8 projections contained in the 2014 business plan. It  
9 does not represent any growth in costs associated with  
10 delivery of first and final segment. These services  
11 will be required from Merced through the Y segment and  
12 through the SES. The scope of right of way services  
13 will be procured with the administration project  
14 management appraisals, Phase 1 and Phase 2 environmental  
15 assessments, land rights and real property acquisition,  
16 GOP assistance, and other real property services, as  
17 well as quality and safety management. Proposals will  
18 be technically evaluated by the Authority and other  
19 public and employee pursuant to established criteria  
20 based on past performance and experience, team  
21 orientation and key personnel, understanding of project  
22 requirements, small business representation, and price  
23 of proposals. Steps being implemented in this RFP and  
24 its performance in this group are including a number of  
25 factors, such as cost not to exceed -- quality of

1 product. The Authority will also continue to work with  
2 its partnering agency in many processes. The Authority  
3 aims to advertise the RFP by June 13th of this year  
4 subsequent to board and other agency approval.  
5 Proposals will be due in July of this year. So the RFP,  
6 the board adopted a thirty percent participation goal  
7 under the revised small disadvantaged business  
8 enterprise program professional service contract.

9 I was just going to add final recommendation.  
10 It's recommended that the board adopt the resolution  
11 approving the issuance of a Request For Proposal  
12 procurement contract for right of way services not to  
13 exceed the total amount of 3500 over a term of four  
14 years.

15 Questions.

16 CHAIRMAN RICHARD: Well, I have some  
17 questions. I'll turn to my colleagues first.

18 MR. ROSSI: I have just one.

19 CHAIRMAN RICHARD: Okay. Turn your mic on.

20 Mr. Rossi.

21 MR. ROSSI: In this presentation and the  
22 next one, maybe it's more for the CEO, I read these and  
23 maybe I'm just not -- I apologize, but is this within  
24 budget?

25 CHAIRMAN RICHARD: Mr. Grebe said it is, but

1 I think that's the right question to ask.

2 MR. ROSSI: I heard -- it's not in the  
3 writing as I can tell.

4 MR. MORALES: The short answer is yes.

5 MR. ROSSI: I'll take the short answer, but  
6 in the future, can we require these things. Can we say,  
7 you know, "this fits within the budget," just for the  
8 record.

9 MR. MORALES: Yes. And then two general  
10 reasons we can say that to clarify, one is, in this case  
11 to some degree and the next proposal, we're shifting  
12 costs from one section to another. So we're moving them  
13 from one to the other, and then on some of these  
14 professional services, as you know, have significant  
15 contingencies that assumes covering any unanticipated  
16 costs.

17 MR. ROSSI: Thank you.

18 MR. MORALES: Some of these costs, like the  
19 right of way, we had appraisals that went stale after a  
20 while, so that's all factored into the initial  
21 estimates. That's why it's covered in the 2014 total  
22 cost estimate.

23 MR. ROSSI: That's great. I mean, I just --

24 CHAIRMAN RICHARD: Right.

25 Other questions?

1 Vice-Chair Hartnett.

2 MR. HARTNETT: Yeah, if I could piggyback on  
3 that, I think is a -- something we discussed last year  
4 in terms of the fiscal impact of decisions and budgets,  
5 and I think it's really just having a box at the bottom  
6 of each of the reports, you know, fills in the blanks so  
7 we can see what it was, what it is, and what the  
8 difference is and if the money is coming, where that  
9 shift occurs. I think we should do that as a matter of  
10 protocol.

11 CHAIRMAN RICHARD: Yeah. Other comments?

12 MS. PEREZ-ESTOLANO: And also be clear I  
13 think in other staff memos they use, I mean, that kind  
14 of -- where the money was coming from and how much  
15 contracted was actually identified. And I saw that  
16 usually you can follow it and understand, but I think it  
17 is difficult if we're just given a number and don't have  
18 any context for if it falls in budget.

19 CHAIRMAN RICHARD: Okay. Just -- I might be  
20 a little bit confused on this but the right of way  
21 services are one -- if we talk about risk areas where I  
22 think we really need to pay some attention because this  
23 is an area where if we fall behind, we subject ourselves  
24 to, to real cost exposure. In terms of a global  
25 contractor, we cannot deliver parcels to the design

1 build contractor on time. So I'm all for adding in  
2 whatever reserves we need to make sure that we're trying  
3 to catch up, and some of the delay, by the way, was  
4 caused by external factors that have nothing to do with  
5 high-speed rail, have any control over. That's just the  
6 world we live in. But I was kind of confused because --  
7 well, first of all, it didn't say that was in the same  
8 budget, so I didn't know if we were augmenting. And if  
9 I understand this correctly -- so what you're saying is  
10 a bunch of things have happened that we need to have  
11 these additional resources, and I get that. That's  
12 fine, and that the existing resources that we have are  
13 basically at capacity. So I get that, and that's  
14 fine -- approaching capacity. So we need these new  
15 resources, but they're all part of the 2014 budget. And  
16 so it just -- is this something that we always expected  
17 we were going to do? I'm trying to understand if this  
18 was an exigent circumstance or if this was just part of  
19 the plan all along, because I just want to have a warmer  
20 feeling than I have right at the moment that -- are we  
21 playing catchup here or was this just in the natural  
22 course of things that we anticipated we'd get to a  
23 certain point and have to bring in more resources and  
24 that's how it was done.

25 MR. GREBE: The scope was extended. We're

1 included -- we're anticipating the additional work  
2 beyond CP 1, 2 and 3, which was the additional  
3 procurement. We're adding the CP 4 segment. So  
4 eventually --

5 CHAIRMAN RICHARD: Okay.

6 MR. GREBE: -- and also subsequent of that  
7 approval, CP 1. So this is -- I don't want to be back  
8 here, like, next year or in the assuming years --

9 CHAIRMAN RICHARD: Why did you say that?  
10 We're really enjoying having you.

11 MR. GREBE: Yeah. The scope is expanded for  
12 this, and this is, again, to ensure that we are not  
13 having interruption in services to the design build  
14 contract.

15 CHAIRMAN RICHARD: Okay. So what you're  
16 saying is that the initial stuff was for CP 1 and  
17 rolling with CP 2 and now -- I don't want to put words  
18 in your mouth. I especially don't want to put these  
19 words in your mouth, but are you telling me that what  
20 you're trying to do is essentially catch up and get  
21 ahead of the game with this contract?

22 MR. GREBE: Essentially, that's --

23 CHAIRMAN RICHARD: Don't overstate it.  
24 Don't let me overstate it.

25 MR. GREBE: Yeah. We have a ways to go, and

1       this anticipates uninterrupted service, and it began  
2       because of the delays that occurred earlier. We're  
3       playing catchup, and this will help ensure that the  
4       contractors, going forward and these contracts, will  
5       allow us to do that to be able to get the people on the  
6       ground, you know, as soon as these contracts are left  
7       and start appraising the properties that are needed.

8                    MR. ROSSI: So you should be happy with what  
9       he just said, but in addition, he answered your question  
10      that -- Mr. Tapping was falling asleep over there. So  
11      his constant review of his risk model Monte Carlo will  
12      tell you if, in fact, the ROW is falling off, getting us  
13      into a dangerous place because when you look at the  
14      horizontals, you will see that the ROW is the second  
15      most thing on this list that changes, which it will  
16      depending on what happens. It will change the aspects  
17      of the Monte Carlo. So you'll see it there. So you  
18      have got several --

19                    CHAIRMAN RICHARD: Well, that brings up  
20      another question that I have, which I was going to  
21      actually take offline with you, which is how are we --  
22      if this is a major risk factor, how are we tracking in a  
23      way that we and the public can see how we're dealing  
24      with the right of way acquisition.

25                    MR. ROSSI: We saw this morning in the

1 Finance and Audit Committee -- in the Finance and Audit  
2 Committee but he -- so he does that regularly. And so  
3 as you look at those assumptions, there are a whole  
4 series of assumptions that drive the model to its  
5 predictability for, for where we are and govern what  
6 those risks are and how to curve or flattens.

7 CHAIRMAN RICHARD: Okay. All right.

8 Mr. Perez-Estolano.

9 Mr. Dolan, I'm sorry. I see you have your hand  
10 up, sir, but I'm sorry, sir, the public comment period  
11 is over.

12 MR. DOLAN: I just wanted to say --

13 CHAIRMAN RICHARD: Mr. Dolan, I'm sorry,  
14 sir, really. The public comment -- I can't --

15 MR. DOLAN: The board is being held hostage  
16 by people like him.

17 CHAIRMAN RICHARD: Ms. Perez-Estolano.

18 MS. PEREZ-ESTOLANO: I think the reason why  
19 you're seeing a lot of questions is that maybe the  
20 narrative wasn't as clear as it could have been, and so,  
21 for example, I got it in packages CP 1, 2 and 3, but it  
22 is only if you have to read that you're actually getting  
23 out to 4, right, you're going to CP 4; is that right?

24 MR. GREBE: Yes.

25 MS. PEREZ-ESTOLANO: Okay. So for me, now,

1 I understand that you're actually -- I did not see that.  
2 I got it, and I just missed it. So I didn't get that in  
3 there. So it's just helpful to me and probably lots of  
4 folks who aren't as familiar with all the different  
5 parts, who are maybe reading our material online and  
6 trying to maybe give the public what we're doing.

7 MR. GREBE: Understood.

8 CHAIRMAN RICHARD: Okay. Any further  
9 questions on this? Ready for a motion?

10 MS. SCHENK: So move.

11 CHAIRMAN RICHARD: It's been moved by Ms.  
12 Schenk.

13 MR. RICHARDS: Second.

14 CHAIRMAN RICHARD: Seconded by Vice-Chair  
15 Richards.

16 We could put an amendment in here that Mr. Grebe  
17 has to come back every single month.

18 MR. GREBE: Thank you very much.

19 CHAIRMAN RICHARD: Secretary, please call  
20 the roll.

21 MS. NEIBEL: Ms. Schenk.

22 MS. SCHENK: Yes.

23 MS. NEIBEL: Vice-Chair Richards.

24 MR. RICHARDS: Yes.

25 MS. NEIBEL: Vice-Chair Hartnett.

1                   MR. HARTNETT: Yes.

2                   MS. NEIBEL: Mr. Rossi.

3                   MR. ROSSI: Yes.

4                   MS. NEIBEL: Ms. Perez-Estolano.

5                   MS. PEREZ-ESTOLANO: Yes.

6                   MS. NEIBEL: Mr. Henning.

7                   MR. HENNING: Yes.

8                   MS. NEIBEL: Ms. Selby.

9                   MS. SELBY: Yes.

10                  MS. NEIBEL: Chairman Richard.

11                  CHAIRMAN RICHARD: Yes. Thank you very

12                  much.

13                  Next item is Item 7, consideration of amendment

14                  to the San Jose Merced project section regional

15                  consultant contract.

16                  Ms. Gomez.

17                  MS. GOMEZ: Okay. I think it's good morning

18                  time. Good morning, Chairman, board members. I'm here

19                  to discuss the status of the Y portion of the San Jose

20                  to Merced project segment and to see your concerns with

21                  an amendment to the current contract with the regional

22                  consultant Parsons Transportation Group. As you

23                  remember, the Chowchilla Y was originally part of the

24                  Merced to Fresno EIR/EIS, but upon completion of that

25                  document, it was recognized that the study of the

1 additional Y alternatives would be necessary. This  
2 additional effort was transferred to the San Jose to  
3 Merced regional consultant, Parsons Transportation  
4 Group. And the map above shows -- on the screen --  
5 shows the overall limits of San Jose to Merced segment  
6 and the Y portion of that segment to be studied as a  
7 supplement to Merced to Fresno EIR/EIS document.

8 In April of 2003, the board agreed to narrow the  
9 Y alternative from 14 down to four. During these  
10 outreach activities on these four alternatives, it  
11 became clear to us that as designed, they still did not  
12 have local consensus. As a result, staff directed the  
13 regional consultant to spend considerable effort working  
14 with various stakeholders to provide the alternatives  
15 and make them more accessible. Concurrently, the EPA  
16 rejected the check submittal and asked for further study  
17 of the range of alternatives. This resulted in  
18 additional effort, and alternatives were modified in an  
19 effort to reduce impacts especially to the EJ community.  
20 As you can see from this map on the transitionals the  
21 example type of effort that we have been engaged in.  
22 Two of the four alternatives followed the Road 18  
23 alignment and even through the neighborhood west of Road  
24 18, which is the Green Hills community, it was clear  
25 that the alignment was not going to be acceptable to the

1 residents and also the City of Chowchilla. As a result,  
2 we developed three sub-alternatives, Road 18 and one  
3 quarter, Road 18 and a half, and Road 18 and fives  
4 eighths. They were a mile east of original Road 18  
5 alignment.

6           While we have not yet obtained completely concern  
7 on the most easterly alignment, we have a substantially  
8 reduced opposition to this alternative, which is fully  
9 supported by the agriculture land owners in the area.  
10 Similar efforts were undertaken to reduce the impacts  
11 early and get environmental justice of the community.  
12 Other -- or suggestions or other alternatives or what we  
13 call, design refinements, were along Road 13. We also  
14 modified some of the alignment to miss some of the major  
15 businesses within the Y. We also -- most -- all of the  
16 four alignments that were proposed have been refined  
17 based on community input that we have received. We are  
18 confident that soliciting this additional stakeholder  
19 input was a wise investment and has helped address local  
20 concern as well as those from the State and Federal  
21 regulatory agencies. It has substantially reduced the  
22 impacts to the community and we think has minimized  
23 litigation risks. However, this additional time and  
24 resources expending has resulted in the late completion  
25 of the ROD and the need for additional time and contract

1 capacity. We are estimating an additional 8.94 million,  
2 and 24 months will be required to complete the ROD  
3 within the Y section. This increased funds --

4 CHAIRMAN RICHARD: I'm sorry. Excuse me,  
5 Ms. Gomez. Did you say 24 months to complete the ROD?

6 MS. GOMEZ: Yes, yes.

7 CHAIRMAN RICHARD: Why that long? Isn't it  
8 usually a year? I mean, I know usually in our case, but  
9 I mean, in, sort of, every other CEQA, NEPA case?

10 MS. GOMEZ: Well, it hasn't been taking us a  
11 year. It has been taking us almost two to three years.  
12 And in this case, we are evaluating four alignments, and  
13 we're currently talking in our discussions with the  
14 Corps and EPA, they would like us to study a fifth  
15 alignment, and so we're trying to determine if that  
16 would be feasible, and how we can keep it down to four  
17 alignments.

18 CHAIRMAN RICHARD: I apologize for  
19 interrupting.

20 MS. GOMEZ: No, it's okay. You're the  
21 chairman.

22 So these are along one project section, Merced to  
23 Fresno, to another one, San Jose to Merced. Thus, the  
24 alignments do not increase the total cost of the  
25 project. Again, these costs were consistent with the

1 projections contained in the 2014 business plan. The  
2 proposed amendment would call for the following; the  
3 environmental clearance analysis, stakeholder engagement  
4 activities, 15 percent preliminary -- and continued  
5 coordination with the public agencies. Extending the  
6 current contract will enable the Authority to retain the  
7 team's expertise and experience, maintain continuity and  
8 momentum for completing this work and will allow an  
9 effective transition. It's important to note that this  
10 extension is based on producing specific work products  
11 and project milestones. The amendment would extend the  
12 contract for two years and allow for an additional 8.94  
13 million to be added to the current capacity for a total  
14 contract not to exceed 73.3 million. The amendment will  
15 also include the board's 30 percent goals for small  
16 businesses. We are recommending that the board approve  
17 this contract amendment with PTG for the additional  
18 amount as stated. With that, if you have any questions  
19 at this time.

20 CHAIRMAN RICHARD: Questions for Ms. Gomez.

21 MS. SCHENK: Yeah. So how do you come to  
22 that number? I'm just -- how do you determine the  
23 amount that is needed, and does this go through our  
24 Audit and Finance Committee? Does anybody at the  
25 committee look at it before it's presented to the full

1 board?

2 MS. GOMEZ: So the way that we have broken  
3 it down, we have estimated it by task, and I can go  
4 through every task if you like but -- so they're broken  
5 down by task in terms of what study needs to be done,  
6 what outreach we need to determine in terms of what it  
7 would cost to do the engineering plan, so it's broken  
8 down by, I believe, it goes up to 14 different tasks.  
9 And in terms of the Audit and Finance Committee, I'm  
10 assuming that all of our contracts would be going  
11 through the audit process.

12 MR. MORALES: We have not -- we don't, as a  
13 normal course, present contracts to the committee prior  
14 to bringing it to the board. The Finance and Audit  
15 Committee looks at all of the contracts we have entered  
16 into but not -- we don't have a pre-approval process.

17 CHAIRMAN RICHARD: Okay. Ms. Selby.

18 MS. SELBY: This is just a point of  
19 clarification. I'm just trying to understand how is it  
20 that when it says here, is increased funds or shift one  
21 project section, Merced to Fresno, to another, San Jose  
22 to Merced, and so there's no increase in the cost of the  
23 project, is that because this part of the project was  
24 put into the first part of the contract?

25 MS. GOMEZ: It was originally in the Merced

1 to Fresno and then it was shifted to San Jose, Merced,  
2 and so that's why we don't see the additional cost  
3 increase.

4 MS. SELBY: The Y was.

5 MS. GOMEZ: The Y was.

6 MS. SELBY: Okay. Thank you.

7 MS. GOMEZ: Just the Y box.

8 CHAIRMAN RICHARD: Ms. Perez-Estolano.

9 MS. PEREZ-ESTOLANO: I have a few questions.  
10 So if you could walk me through a little bit of the  
11 budgeted amount for the project for this particular  
12 piece of work. We started off with 55 million new  
13 contract values, 54.3, and there's 2.3 from the existing  
14 contract capacity that you're carrying over, and you're  
15 requesting 8.94, which then brings up the total contract  
16 of authorized to 73.3.

17 MS. GOMEZ correct.

18 MS. PEREZ ESTOLANO: And so the question is,  
19 is that, again, to my colleague's questions earlier  
20 about budget issues, you have put in here clearly that  
21 this -- these are dollars that are being moved around,  
22 but those are all previously budgeted and so we're  
23 not -- I mean, you can kind of get a sense that a lot of  
24 things are coming out, and we're trying to keep track on  
25 all of the costs.

1                   MR. MORALES: Let me respond to that. So I  
2 think it's important to make a distinction, and we  
3 probably haven't done it sufficiently here about what  
4 our cost estimates include for all of these, in this  
5 case, professional services versus what we contract at  
6 any given time. And we don't -- two things along those  
7 lines, one, given contracts, I don't think ever  
8 represent -- we don't ever have to enter into a contract  
9 that covers the full estimated cost of delivering the  
10 service in that corridor. And then secondly, we very  
11 seldom reach the full value of the contract, right, even  
12 on these major contracts and that is in the report  
13 that's given to the Finance and Audit Committee. It  
14 shows that actual expenditures against the contract,  
15 total contract, value. These are up-to amounts. So  
16 most of the contracts we're not reaching full value at a  
17 given year. And so again, the most important thing is  
18 the distinction between what's set aside in the budget  
19 as an estimate of the total cost versus what we enter  
20 into on a contractual basis, at any given time, to  
21 deliver those services.

22                   CHAIRMAN RICHARD: Mr. Rossi.

23                   MR. ROSSI: The question says --

24                   MR. MORALES: Are we still --

25                   MR. ROSSI: Are you within the overall

1 budget?

2 MR. MORALES: Yes, and that's what I'm  
3 saying. We'll look at it, figure out to convey that  
4 information more fully as we go forward, but yes.

5 MR. ROSSI: And, interestingly, as you do  
6 that, you need to also state that it is as for that  
7 budget line item not including contingencies.

8 MR. MORALES: Right.

9 MS. PEREZ-ESTOLANO: I would offer, in the  
10 recommendation that we're approving that, that language  
11 would be as clear as possible, for example, as budget or  
12 as previously budgeted or -- just for the benefit for, I  
13 think, the public.

14 CHAIRMAN RICHARD: Okay.

15 MR. MORALES: Mr. Chairman, if I could just  
16 answer your question of the two years, I think we all  
17 had the same reaction. We very -- and Mr. Upton would  
18 like to get to a resolution sooner rather than later --  
19 our goal is to get to a resolution as quickly as we can.  
20 Part of the problem is we don't control the process, and  
21 so I know that's a shock to Mr. Upton. You know, and so  
22 we have the -- if the EPA or the Army Corps says we need  
23 to study additional alignments, we can try to work that  
24 out, but at the end of the day, we may have to do that,  
25 and that involves a combination of technical reviews,

1 but then also will make us go out and do the requisite  
2 public meetings and everything else associated with it.  
3 So it can extend the time considerably, but our goal  
4 in -- our goal in advancing the line was to move that  
5 section ahead more quickly so that we can look at the  
6 Central Valley.

7 CHAIRMAN RICHARD: Right.

8 MR. MORALES: So we're going to continue to  
9 push to get this done as quickly as we can.

10 CHAIRMAN RICHARD: That's why I reacted the  
11 way I did. The hope was that having pulled out this  
12 section for further analysis that we could now plug it  
13 back in. Now that Ms. Gomez and staff had done such an  
14 excellent job of working with the local community that  
15 we could put it back in so that if funding became  
16 available, we could build north, up towards Merced. So  
17 two years is a disappointment, but I guess it's the  
18 world that we live in.

19 All right. Then, pleasure of the board?

20 MR. ROSSI: Move.

21 CHAIRMAN RICHARD: Moved by Mr. Rossi.

22 MS. PEREZ-ESTOLANO: Second.

23 CHAIRMAN RICHARD: Seconded by Ms.  
24 Perez-Estolano.

25 Secretary please call the roll.

1 MS. NEIBEL: Ms. Schenk.

2 Vice-Chair Richards.

3 MR. RICHARDS: Yes.

4 MS. NEIBEL: Vice-Chair Hartnett.

5 MR. HARTNETT: Yes.

6 MS. NEIBEL: Mr. Rossi.

7 MR. ROSSI: Yes.

8 MS. NEIBEL: Ms. Perez-Estolano.

9 MS. PEREZ-ESTOLANO: Yes.

10 MS. NEIBEL: Mr. Henning.

11 MR. HENNING: Yes.

12 MS. NEIBEL: Ms. Selby.

13 MS. SELBY: Yes.

14 MS. NEIBEL: Chairman Richard.

15 CHAIRMAN RICHARD: Yes.

16 I know that it's getting late. We have two more  
17 presentations. I'm going to ask, would you like a  
18 break?

19 We will take a ten-minute recess.

20

21 (Break taken.)

22

23 CHAIRMAN RICHARD: All right. If we could  
24 reconvene. Excuse me, ladies and gentlemen, if we could  
25 reconvene, please. All right. If I could ask us to

1 reconvene, please. Let people take their seats.

2 Before we turn to the next item, I'd like to ask  
3 the secretary to reopen the roll on Item 7 and call the  
4 absentee board member.

5 MS. NEIBEL: Ms. Schenk.

6 MS. SCHENK: Yes.

7 CHAIRMAN RICHARD: Okay.

8 MS. SCHENK: Thank you.

9 CHAIRMAN RICHARD: All right. Okay. So the  
10 next item is an update on the supplemental alternatives  
11 analysis report on the --

12 MR. BOEHM: I'm sorry to say that I have to  
13 say, "good afternoon." So good afternoon and -- I don't  
14 have a microphone on yet.

15 Good afternoon, Mr. Chairman, Mr. Vice-Chair and  
16 Vice-Chair, and board. I'm here today to present the  
17 information on supplemental alternatives analysis that  
18 we are completing for the Los Angeles to Palmdale  
19 section of the southern California high-speed rail  
20 project, and I brought some slides that are available in  
21 your package. Many of these slides are the slides that  
22 we are currently presenting in our public meeting, and I  
23 will run through them quickly for your information.

24 As you're aware, the Palmdale to Los Angeles  
25 project section is a 60-mile route from Palmdale in the

1       north to the Los Angeles Union Station in the south. It  
2       currently includes our initial operating section that's  
3       been presented in our 2012 and 2014 business plan in the  
4       San Fernando Valley, and we have three planned station  
5       locations and Palmdale in the San Fernando Valley and in  
6       Los Angeles, Union Station.

7                  As we have gone through time on this project, we  
8       have brought additional clarity to the alignments that  
9       we are studying, and we have been working on it for a  
10      while. We had a statewide program environmental  
11      document in 2005, and we have had three subsequent  
12      alternative analyses documents, and with each of these  
13      documents, we bring additional clarity to the  
14      alternatives that we will be studying. And so we're  
15      here to talk to you about what we have done to bring an  
16      additional supplemental alternative analysis document to  
17      you for a 2014 project. One of the things that we did  
18      in southern California is we wanted to take a look at  
19      the alternatives with regards to the 2012 business plan  
20      and the 2014 business plan and make sure that we had  
21      adequately addressed the statewide rail modernization,  
22      the conductivity, and the blended service, and  
23      priorities that were set forth in this plan as well as  
24      we are, are appropriately planning for the initial  
25      operating section, which will terminate in the San

1 Fernando Valley.

2 In the fall of 2013, we came to the board and we  
3 presented a number of items that we were going to be  
4 looking at on this particular alignment. Specifically,  
5 we wanted to look at bringing clarity to the station  
6 location both in Palmdale and the San Fernando Valley.  
7 We had several stations that were under study, and we  
8 wanted to take a look and see if some of those locations  
9 rose to the top, and we also wanted to validate the  
10 stakeholder feedback that we received to date and wanted  
11 to make sure and look at the alignment to make sure that  
12 it was as smooth and fast as possible as well as look at  
13 new projects that have come to the floor throughout the  
14 alignment over the course of the last couple of years.  
15 And so starting with the review of the stations, again,  
16 when we take a look at the stations, we look at a  
17 variety of criteria to evaluate which station could best  
18 support the high-speed rail operation, and those, those  
19 items are -- include conductivity, land use, potential  
20 for trans-oriented development, and a variety of other  
21 things. And in the Palmdale location, there were two  
22 stations. One was a Palmdale west and one was of a  
23 Palmdale east station, and based on our review, the  
24 Palmdale east station has risen to the top as being the  
25 one that can best support our operations. It is

1 adjacent to the Metrolink station. It is resident with  
2 the current Palmdale Transportation Center, and it  
3 enables us to coordinate with the High Desert Corridor  
4 Project, which is underway by LA metro, which Don  
5 Sepulveda mentioned earlier, and also, the City of  
6 Palmdale has moved forward with some trans-oriented  
7 development at that particular location, and they are  
8 underway with construction of the Palmdale Transit  
9 Village.

10           Moving on to the San Fernando Valley, again,  
11 looking at those same things, conductivity, statewide  
12 rail modernization. Based on that review, the Bob Hope  
13 Airport station location has risen to the top as the  
14 best supporting our program objectives. It provides the  
15 opportunity for conductivity, rail to air, rail to rail,  
16 and rail to transit. It provides access to both the  
17 Antelope Valley line and the Ventura Line, which is the  
18 line that the Los An corridor trains operate on. That's  
19 the second most highly ridden Amtrak line in the  
20 country. And it is adjacent to, as Don mentioned  
21 earlier, the Hollywood Way Metrolink station. The  
22 Burbank Airport is opening, at the end of this month, a  
23 regional intermodal transportation center, and the City  
24 of Burbank has supported plans going on as well.

25           The second thing that we wanted to take a look at

1       is we wanted to take a look at the alignment, and we  
2       wanted to take a look at the community feedback that we  
3       received to date, and based on this, we are recommending  
4       minor refinements of the alignment all along this  
5       section to better address both of those issues, most  
6       notably, as brought to the floor by the Santa Clarita  
7       folks earlier, the extension and increasing the speed in  
8       the Santa Clarita area to address the impacts of the  
9       community but also improve the speed of our system.

10           Finally, we wanted to address new projects in the  
11       corridor, and there's really no place like LA Union  
12       Station in terms of addressing new projects. There's a  
13       lot of activities going on there. They are undergoing a  
14       massive planning process for the entire union station,  
15       and they are also undertaking a script project the  
16       regional -- the southern California regional air  
17       connector project, which is the run through tracks at LA  
18       Union Station, and that's great news because that is a  
19       project that we are partnered with on. That is the top  
20       ranked southern California MOU project, and that brings  
21       a very, very big benefit to the southern California  
22       existing passenger rail system as well as reductions in  
23       greenhouse gas emissions at this particular location due  
24       to the fact that it can reduce the amount of trains idle  
25       there by up to forty percent.

1           To get to these conclusions, we have had a lot of  
2 meetings and a lot of discussions, and on this slide you  
3 see a whole list of entities that we have met with and  
4 talked with as we have developed these suggestions that  
5 we have brought to you today. We have also embarked  
6 upon a five-meeting, community meeting process. We have  
7 completed four of those meetings in the San Fernando,  
8 Los Angeles, Union Station, Burbank, and Palmdale. We  
9 do, later this week on the fifth, have a final meeting  
10 in Santa Clarita to solicit feedback. We have had over  
11 300 people to date come to these meetings to get the  
12 information basically that you have been presented  
13 today, and in general terms, the feedback that we have  
14 gotten has been generally supportive. People come,  
15 they're concerned about the alternatives, particularly,  
16 where they're close to their place of business or their  
17 residence. We're able to talk to them about that if  
18 they're interested in the process and the schedule.  
19 Many of them have asked us to bring high-speed rail to  
20 southern California faster. Many are encouraging us to  
21 take careful look at active transits on a conductivity  
22 and mobility improvements. There are concerns, as you  
23 might imagine, with noise and community impacts. But  
24 there's been strong support for the locate -- the  
25 stations being located at the Palmdale Transportation

1 Center and Bob Hope Airport, and there has been  
2 additional support for an idea to study a more direct  
3 alignment between a Palmdale Transportation Center and a  
4 Bob Hope Airport station. You can see, on this  
5 particular slide, these are role plots that we have  
6 brought to the meeting where the community actually  
7 picks up pens, and they draw on them to give us some  
8 ideas about what, what they might be interested in, in  
9 terms of the alignment. And you can see here, these are  
10 our existing alignments, going around here, and you can  
11 see that both in Burbank and in Palmdale, the community  
12 has come in and taken a look at two points and drawn a  
13 more direct line between those two points consistent  
14 with the letter that we received from Supervisor  
15 Antonovich at our October board meeting.

16 So the result of all of our work is we have a  
17 2014 supplemental alternative analysis document that has  
18 addressed the station location, it has validated the  
19 stakeholder feedback. We addressed the new projects,  
20 and we are also looking at an updated environmental  
21 document strategy, where we would clear environmentally  
22 this section using two EIR/EIR documents. And I want to  
23 make it clear for the record that, of course, nothing is  
24 final on the project until we have completed the  
25 environmental process and we have reached a ROD. So we

1 move forward.

2 Again, we have completed a round of robust  
3 stakeholder engagement and a 2014 supplemental  
4 alternatives analysis. Moving forward through the  
5 summer, we plan to have more public meetings, and we  
6 would also like to take a look at the new idea that's  
7 been brought to the floor. In the fall of this year,  
8 we'd like to bring to you our analysis of the new idea,  
9 the more direct alignment, as well as for your team to  
10 begin the new environmental document, and moving forward  
11 through 2015 and beyond, we would plan to complete the  
12 environmental document. Thank you.

13 CHAIRMAN RICHARD: Very good. Yeah. Very  
14 good. And questions.

15 Ms. Perez Estolano.

16 MS. PEREZ-ESTOLANO: No. I don't have any  
17 questions. I just want to say, you have done a  
18 fantastic job, Michelle, in southern California, where  
19 the project is not as present, where we're on the other  
20 side and all the activities going on is in the Central  
21 Valley. And so having, having you address folks and  
22 there's lots of questions and I was able to participate  
23 in only three of the workshops but it was -- the energy  
24 is very positive, and people want to understand, and I  
25 think the tools that you have, that the team has

1 developed to kind of showcase, you know, the project but  
2 then also understand the impacts and what they need to  
3 put those to us is really good. A lot of folks  
4 appreciated those, like you said. I think they would  
5 like more meetings to have ongoing discussions. So I  
6 think it was a good first early effort, and certainly  
7 Diana has led the way in terms of great public outreach,  
8 and I think we're starting out on a great foot. So  
9 thanks for all that great work.

10 MS. BOEHM: Thank you.

11 MR. ROSSI: Motion --

12 CHAIRMAN RICHARD: This one is just an  
13 information item.

14 Ms. Schenk.

15 MS. SCHENK: Yeah. I just want to quickly,  
16 for the time that you spend commuting to San Diego and  
17 going to meetings and so forth and very good feedback,  
18 so thank you very much for taking the time to do that  
19 even though it's Phase 2.

20 MS. BOEHM: You're welcome.

21 CHAIRMAN RICHARD: I would just like to make  
22 two comments. The first was the sense of the board is  
23 that your presentation was excellent. It was a very  
24 good level. It was very informative. And so we want to  
25 thank you for that. Beyond that, it just seems like

1 you're doing a terrific job in southern California. I  
2 have taken to correcting reporters lately who talk about  
3 the diminishing support of the project because actually,  
4 if you come to these meetings, what you hear is people  
5 standing up and saying that we're resolving issues in  
6 their communities, which I think is a really important  
7 thing. So I commend you for your substance.

8           And finally, I just want to say that, I have said  
9 this before, but, you know, it was said to me during the  
10 evaluation process that one of Jeff Morales' great  
11 strengths, and perhaps is his greatest strength, was his  
12 ability to find quality people, and when I look at the  
13 people who are representing the High Speed Rail  
14 Authority in the three regions, Michelle, with you, with  
15 Diana Gomez and with Ben Tripousis, I think we just have  
16 an outstanding team. We're getting nothing but positive  
17 feedback from the communities that are interacting with  
18 our people on the ground, and just, as a board member,  
19 I'm deeply appreciative that this is the face of the  
20 project in the communities, with you, Ben, and Diana.

21           So, Jeff, congratulations on just an excellent  
22 staff.

23           MR. MORALES: Thank you, Mr. Chairman. I  
24 think all of the kudos to Michelle are well-earned. I  
25 would also say, though, I think that we want to

1 acknowledge some of the people we heard in public  
2 comment that, you know, engagements are a two-way or  
3 three- or four-way process. And so what we're seeing  
4 and what you saw in this presentation was also the  
5 active engagement of communities and individuals in  
6 southern California, and that's what we have seen  
7 elsewhere, too. So I want to make sure, acknowledge  
8 their involvement in the process and people working with  
9 us to resolve issues and not just throw up obstacles.

10 CHAIRMAN RICHARD: All right. Okay. We  
11 have a vote on the next item. So the next item is an  
12 actual action item having to do with amending the, the  
13 regional consulting contract for the Palmdale to Los  
14 Angeles project, and, Ms. Boehm, you're going to present  
15 that also.

16 MS. BOEHM: Correct. So Item 9 is related  
17 to item 8. It's to continue the work that was just  
18 discussed in Item 8, and it's a request to extend for  
19 time only the regional consultant contract for Palmdale  
20 to Los Angels to complete the activities that we plan to  
21 continue and show to you here in the past presentation.  
22 Those activities include the additional and continued  
23 stakeholder and public engagement as well as engineering  
24 and baseline, technical, environmental studies. As also  
25 discussed in Item 8, there are several activities

1 underway at this time that could alter the approach to  
2 completion of environmental documentation for the  
3 Palmdale to Los Angeles section and potentially also  
4 increase a number of alternatives that would be  
5 evaluated as part of that documentation. One of the key  
6 things that was mentioned in this was the strategy to  
7 clear environmentally the Palmdale to Los Angeles  
8 section with two environmental documents; one for the  
9 Palmdale to San Fernando Valley or Burbank and one for  
10 Burbank to Los Angeles Union Station to bring it more  
11 into alignment and consistent being with our initial  
12 operating section implementation plan. This also allows  
13 us for flexibility to address all of the new projects at  
14 the LA Union Station location including the script  
15 project that we talked about that we are working in  
16 close partnership with LA Metro on. And finally, there  
17 may be, coming up in the future, opportunities to  
18 accelerate the completion of work for Palmdale to Los  
19 Angeles section depending on the funding that becomes  
20 available as we move through the budget cycle.

21 So for these reasons, it is recommended that the  
22 current contract be extended through June of 2015.  
23 During this time, staff will return to the board with a  
24 plan to complete the environmental work for the entire  
25 Palmdale to Los Angeles section and recommendation for

1 the contracting mechanism that would be utilized. So  
2 the motion before you is to approve for time only an  
3 amendment through June 30, 2015 that would include the  
4 30 percent small business goal as well as direct staff  
5 to prepare a contracting strategy and bring  
6 recommendations back to the board.

7 CHAIRMAN RICHARD: Very good. Questions  
8 from members of the board?

9 MR. ROSSI: So move.

10 MR. HARTNETT: Second.

11 MS. SCHENK: Second.

12 CHAIRMAN RICHARD: Okay. It was moved by  
13 Mr. Rossi. Seconded by Mr. Hartnett and Ms. Schenk.

14 Please call the roll.

15 MS. NEIBEL: Ms. Schenk.

16 MS. SCHENK: Yes.

17 MS. NEIBEL: Vice-Chair Richards.

18 MR. RICHARDS: Yes.

19 MS. NEIBEL: Vice-Chair Hartnett.

20 MR. HARTNETT: Yes.

21 MS. NEIBEL: Mr. Rossi.

22 MR. ROSSI: Yes.

23 MS. NEIBEL: Ms. Perez-Estolano.

24 MS. PEREZ-ESTOLANO: Yes.

25 MS. NEIBEL: Mr. Henning.

1                   MR. HENNING: Yes.

2                   MS. NEIBEL: Ms. Selby.

3                   MS. SELBY: Yes.

4                   MS. NEIBEL: Chairman Richard.

5                   CHAIRMAN RICHARD: Yes.

6                   Thank you very much for the good work.

7                   All right. With that, we completed the public  
8 agenda. The Board will now enter into closed session  
9 pertaining to litigation per the agenda, and we'll  
10 report back afterwards.

11

12                  (Whereupon the Board entered into closed session.)

13

14                  CHAIRMAN RICHARD: Okay. We've completed  
15 the closed session of the High Speed Rail Authority. We  
16 have no items to report after the closed session. This  
17 meeting of the California High Speed Rail Authority  
18 Board is now adjourned. Thank you.

19

20                  (Whereupon the meeting adjourned at 1:43 p.m.)

21

22                  --oo--

23

24

25

1           I, Brittany Flores, a Certified Shorthand  
2 Reporter of the State of California, duly authorized to  
3 administer oaths, do hereby certify:

4           That the foregoing proceedings were taken before  
5 me at the time and place herein set forth; that any  
6 witnesses in the foregoing proceedings, prior to  
7 testifying, were duly sworn; that a record of the  
8 proceedings was made by me using machine shorthand which  
9 was thereafter transcribed under my direction; that the  
10 foregoing transcript is a true record of the testimony  
11 given.

12           Further, that if the foregoing pertains to the  
13 original transcript of a deposition in a Federal Case,  
14 before completion of the proceedings, review of the  
15 transcript ( ) was ( ) was not requested.

16           I further certify I am neither financially  
17 interested in the action nor a relative or employee of  
18 any attorney of party to this action.

19           IN WITNESS WHEREOF, I have this date subscribed  
20 my name.

21           Dated:

22

23

24           \_\_\_\_\_  
25           Brittany Flores CSR 13460